

Annual Report 2017/18

Adopted 10 October 2018

Statement of Compliance

Compliance

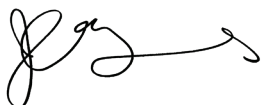
The Council and management of Matamata-Piako District Council confirm that all statutory requirements of the Local Government Act 2002 have been complied with in relation to the preparation of this Annual Report.

Responsibility

The Council and management of Matamata-Piako District Council accept:

- responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Matamata-Piako District Council, the Financial Statements for the period ended 30 June 2018 fairly reflect the financial position and operations of the Matamata-Piako District Council.



Janet E Barnes, Mayor



Don McLeod, Chief Executive Officer

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Cover photo: Sheep and Kaimai Ranges

Message from the Mayor

Matamata-Piako continues to be the place of choice for those wanting a healthy lifestyle, bursting with abundant opportunities that they are proud to call home.

The district has an expanding population and tourism industry that continues to move from strength to strength. Visitors are discovering the charm of our rural vistas, historic towns and museums, while Matamata is leveraging the international appeal of Hobbiton to attract visitors from far and wide. Our Herd of Cows Trail in Morrinsville and spas and street sculptures in Te Aroha are giving our community an identity and filling our residents with pride.

We are in a strong position financially, having achieved our fiscal targets while maintaining a good level of service to ratepayers and the community at large. Our Councillors continue to fulfil their role to a high standard, with excellent governance across the board.

Infrastructure and facilities in demand:

Be assured we have provided infrastructure to support our population and tourism growth. We have maintained and upgraded our roading and utilities networks throughout the year

We have completed the Mt Misery Reservoir in Morrinsville in December 2017, doubling the town's drinking water and safeguarding against emergencies. Our parks, pools, libraries and other facilities offer residents varied recreation and leisure options. Visitor numbers to our pool facilities have increased from the previous year and community satisfaction with these facilities is at an all-time high. Our sports grounds are maintained to a high standard and we all take pride in the parks and tracks that showcase the natural beauty of our district.

The Matamata-Piako Civic and Memorial Centre was completed and opened in April 2018. This facility honours the sacrifices of the past and provides for the whole community now and into the future and also houses our Council area office and library.

Planning is well underway to extend the Hauraki Rail Trail from Te Aroha to Matamata with the physical work scheduled to occur in the 2018/19 year. Partnership with Central Government including funding assistance to extend the trail will enable us to build connections, open up opportunities and embrace thousands of extra visitors to our district.

Events and youth:

We have hosted a number of events to connect with industry, small businesses, volunteers, youth and the community at large.

We were also the first New Zealand district to participate in World Challenge Day on 30 May 2018, a one-on-one community challenge, where communities from around the world are paired according to size, competing to be the most active and boost their health and wellbeing.

Our future leaders are strongly supported by Council through youth initiatives like our Tuia Rangatahi programme, now in its fourth year and the Matamata-Piako Volunteer Youth Ambassadors (VYA) currently in its second year. The VYA provides leadership in our communities by raising concerns and issues important to people aged 12-24.

Matamata-Piako has enjoyed a year of prudent investment and improved services that we'll benefit from for generations to come. I would like to acknowledge you, the community, for your contribution to making Matamata-Piako a great place to live and I look forward to another year of punching above our weight.



Janet E. Barnes
Mayor



Council

Mayor



Janet E. Barnes
JP

Deputy Mayor



James Thomas
Morrinsville, JP



Brain Hunter
Matamata



James Sainsbury
Matamata



Kevin Tappin
Matamata



Adrienne Wilcock
Matamata



Donna Arnold
Morrinsville



Paul Cronin
Morrinsville



Neil Goodger
Morrinsville



Teena Cornes
Te Aroha



Peter Jager
Te Aroha



Ash Tanner
Te Aroha

Council

The Matamata-Piako District is divided into three wards: Matamata, Morrinsville and Te Aroha. Our Council consists of 11 Councillors, elected by their respective wards, and the Mayor, elected by all voters throughout the district. The Councillors and Mayor are elected to represent their communities and make decisions for the district. The elected representatives are supported by the Council's Chief Executive Officer and staff who provide advice, implement Council decisions and look after the district's day-to-day operations.

The Corporate and Operations Committee

This committee is made up of the Mayor and all 11 Councillors. Council has delegated all of its responsibilities, duties and powers to the Corporate and Operations Committee, except for the ones it can't delegate under the Local Government Act 2002 (such as adopting an Annual Plan or Report).

Te Manawhenua Forum mo Matamata-Piako

Te Manawhenua Forum mo Matamata-Piako (Forum) is a standing committee of Council which advise on cultural, economic, environmental and social issues of significance to manawhenua groups. The Forum also provides advice to Council about issues that affect Maori in our district, and provides feedback when we are developing plans and policies, such as the Long Term Plan or District Plan.

The Forum includes representatives from Council, Ngati Haua, Ngati Rahiri Tumutumu, Raukawa, Ngati Maru, Ngati Whanaunga, Ngati Hinerangi and Ngati Paoa. Ngati Tamatera also has the ability to join.

The Hearings Commission

The Hearings Commission is responsible for hearing and determining applications for resource consents under the Resource Management Act 1991, hearing and determining objections under the Dog Control Act 1996, and granting waivers or modifications in relation to means of restricting access to residential pools under the Building Act 2004. The Hearings Commission is made up of two Councillors, one of whom is the chairperson.

The District Licensing Committee

Council has a District Licensing Committee to consider and determine applications under the Sale and Supply of Alcohol Act 2012. The District Licensing Committee considers and makes decisions on alcohol licences (including club, special, on and off licences and manager's certificates). The District Licensing Committee has four list members, one of whom is a Councillor and the chairperson.

The Audit and Risk Committee

The Audit and Risk Committee ensure's we have appropriate risk management and internal and financial control systems. This committee includes an independent chairperson, the Mayor and five Councillors.

The Waharoa (Matamata) Aerodrome Committee

The Waharoa (Matamata) Aerodrome Committee was created in 2015 by legislation under the Ngati Haua Claims Settlement Act 2014. The committee comprises of the Mayor, Deputy Mayor, one Council appointed member and three members appointed by the Ngati Haua Iwi Trust Board.

The functions of the Waharoa (Matamata) Aerodrome Committee, are set out in the Ngati Haua Claims Settlement Act 2014.

Independent Auditor's Report

To the readers of Matamata Piako District Council's annual report
for the year ended 30 June 2018

The Auditor-General is the auditor of Matamata-Piako District Council (the District Council). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 10 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 21 to 70:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2018;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 62, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the service performance information on pages 71 to 108:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 72 to 107, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 80 to 108, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014) on pages 12 to 13, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the service performance information, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 5 and 8 to 20, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board. In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan, performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council.

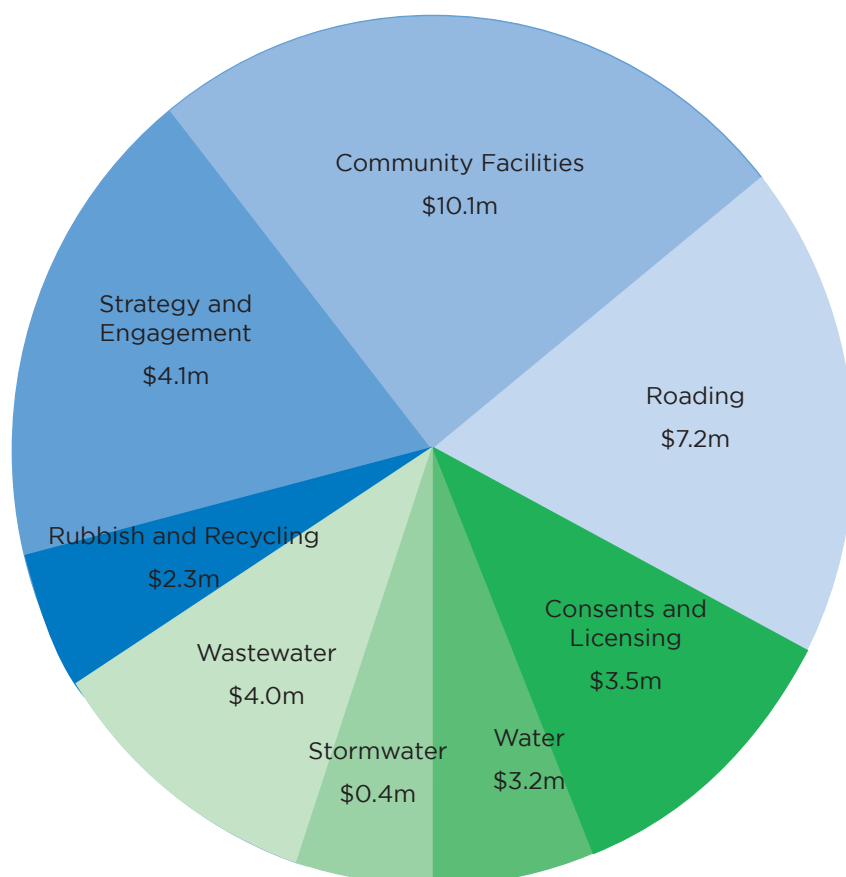


B H Halford
Audit New Zealand
On behalf of the Auditor General
Tauranga, New Zealand

Financial summary

Summary financial statements for the year ended 30 June	Actual 2016/17	Budget 2017/18	Actual 2017/18
	\$000	\$000	\$000
Statement of comprehensive revenue and expense			
Revenue	50,921	47,103	54,823
Expenses	(45,736)	(44,642)	(47,532)
Finance costs	(1,349)	(1,765)	(1,335)
Share of joint venture surplus/(deficit)	8	-	2
Net surplus/(deficit)	3,844	696	5,958
Other comprehensive revenue and expense			
Financial assets at fair value through other comprehensive revenue and expense	10,174	-	453
Property, plant and equipment revaluation	(18,817)	12,929	19,945
Total comprehensive revenue and expense	(4,799)	13,625	26,356
Statement of changes in equity			
Balance at 1 July	586,144	586,886	581,345
Total comprehensive revenue and expense	(4,799)	13,625	26,356
Balance at 30 June	581,345	600,511	607,701

2017/18 Operating Expenditure



Morrinsville Cow

Explanations for major variations between the actual results for the year and the budget in Council's 2017/18 Annual Plan are as follows:

Statement of comprehensive revenue and expense

A key feature reflecting in the financial results was the high level of development activity in the Matamata-Piako District during the year. Morrinsville's Parkwood residential development was a major subdivision completed during the year, as well as some smaller developments including Thames Street, Morrinsville and Millar Street, Te Aroha. Revenue related to development activity was significantly higher than budgeted including:

- Land and infrastructure vested in Council through the subdivision process (\$3.966 million greater than budgeted).
- Development and financial contributions (\$1.385 million greater than budgeted).
- Building and resource consent revenue (offset by increased processing costs, resulting in a net revenue of \$419,000).

The roading subsidy received from the New Zealand Transport Agency was \$672,000 higher than budgeted due to the LED streetlighting programme that was approved by the Agency after the Annual Plan budget was finalised.

Council did not complete the full programme of capital work budgeted for the year. Significant projects budgeted for this year included the \$4 million Te Aroha to Matamata Rail Trail project, which was delayed while the route was being confirmed, application for government funding was being prepared, and the property and planning issues were being negotiated. Also a number of reticulation renewal projects (particularly Wastewater \$681,000) have been delayed as obtaining the required resources in the current economic conditions, has proven difficult. Significant projects carried forward from previous years that were again not completed this year include the Matamata water main, additional water source and new reservoir projects (totalling \$1.1 million), and land purchases required for the extension of walkways in Morrinsville and Matamata (\$500,000). There was also the Te Aroha water treatment plant capacity upgrade (\$3.3 million) and Morrinsville stormwater project (\$1.8 million) carried forward that will only progress when industry need for the capacity is formalised.

The delay in the capital spend has meant that the level of external borrowing budgeted to fund this capital work was not required, and nor were cash reserves required to be utilised. This resulted in reduced borrowing costs and increased investment income totalling \$796,000.

Personnel costs were \$623,000 lower than budgeted, due to difficulties filling vacant positions and staff taking various forms of unpaid leave. The vacant roles have in some cases resulted in increased operational costs where contractors have been required to fulfil certain roles.

Other significant unbudgeted expenses included:

- \$703,000 recognised in the books as a loss on the disposal of assets that were replaced during the period.
- A decrease in the valuation of Council's interest rate swap portfolio for the year of \$265,000.
- \$199,000 in contributions recognised in the previous year as income for the Silver Fern Farms Events Centre was written off during this financial year.
- \$219,000 of project costs related to the Matamata Civic Centre were incorrectly recognised as capital and have now been expensed on completion of the project.

The revaluation of Council's property and infrastructural assets at 1 July 2017, resulted in an increase in values of \$7 million more than had been budgeted, particularly from land and buildings that were last valued in 2014.

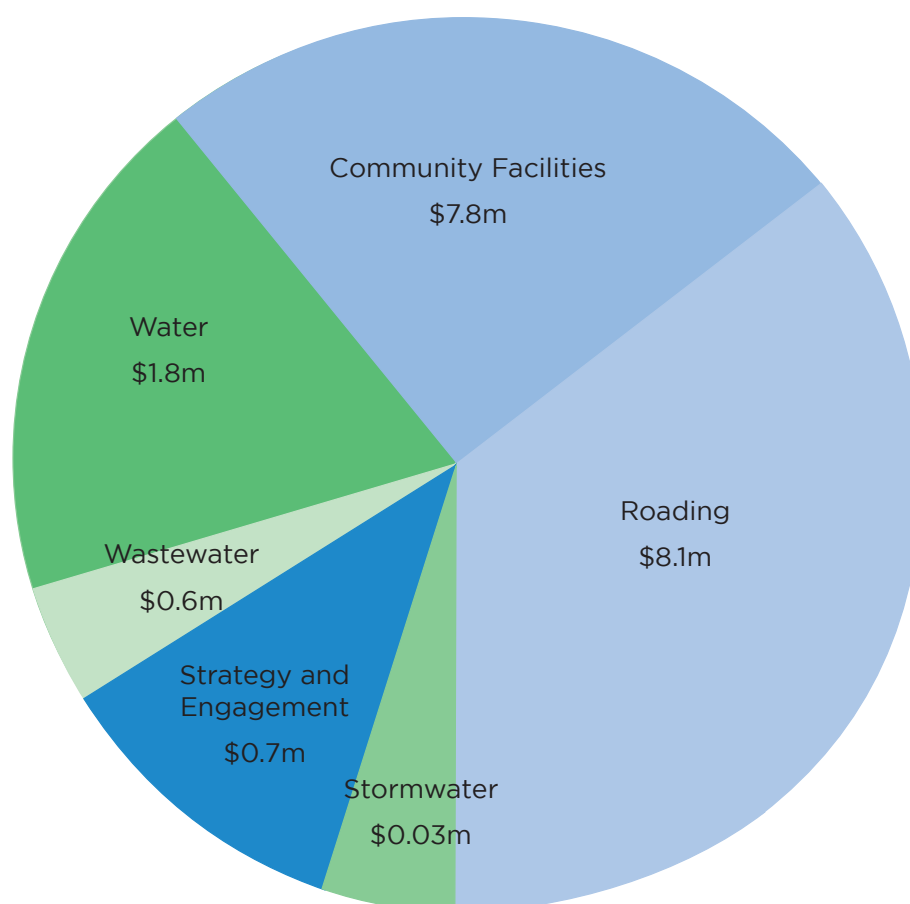
The fair value of Council's investment in the Waikato Regional Airport Limited increased by \$453,000 for the year to 30 June 2018.



Walkers tramping in the District

Summary financial statements for the year ended 30 June	Actual 2016/17	Budget 2017/18	Actual 2017/18
	\$000	\$000	\$000
Statement of financial position			
Current assets	26,816	8,846	22,418
Non-current assets	595,592	638,938	624,170
Total assets	622,408	647,784	646,588
Current liabilities	13,743	10,765	17,044
Non-current liabilities	27,320	36,508	21,843
Total liabilities	41,063	47,273	38,887
Equity	581,345	600,511	607,701
Statement of cashflows for the year			
Net from operating activities	18,699	14,451	16,300
Net from investing activities	(26,218)	(21,624)	(12,808)
Net from financing activities	4,820	7,389	(2,191)
Net increase/decrease in cash held	(2,699)	216	1,301
Opening cash balance	5,290	619	2,591
Closing cash balance	2,591	835	3,892

2017/18 Capital Expenditure



Explanations for major variations between the actual results for the year and the budget in Council's 2017/18 Annual Plan are as follows:

Statement of financial position

The delay in the capital work programme and the positive cashflows from the high development activity in the district resulted in cash investments being significantly higher (\$11 million) and external borrowing being significantly lower (\$12.8 million) than budgeted.

Council's investment in the Waikato Regional Airport was last year revalued at fair value (to comply with accounting standards), but not until after the budget was set, resulting in a \$10.2 million increase in the carrying value on the books last year, and an increase of \$453,000 for 2017/18.

Additional disclosures and accounting policies

Reporting entity

Matamata-Piako District Council (the Council) is a local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

Council has a 34% interest in a jointly controlled entity, Thames Valley Combined Civil Defence Emergency Management Committee, together with Hauraki District Council and Thames-Coromandel District Council. Each Council has equal representation on the committee.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). There have been no changes in accounting policies during the financial year.

Capital Commitments

At 30 June 2018, Council have commitments of \$1.3 million for projects where contracts have been entered into but goods or services have not been received. (2017: \$6.5 million).

Contingent Liabilities

Local Government Funding Agency - The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+ and a foreign currency rating of AA.

The LGFA has 30 local authority shareholders and this Council is one of 9 local authority guarantors of the LGFA. Together with the shareholders and other guarantors, Council is a guarantor of all of LGFA's lending. At 30 June 2018, LGFA lending totalled \$8.272 billion plus accrued interest (2017: \$7.946 billion plus accrued interest).

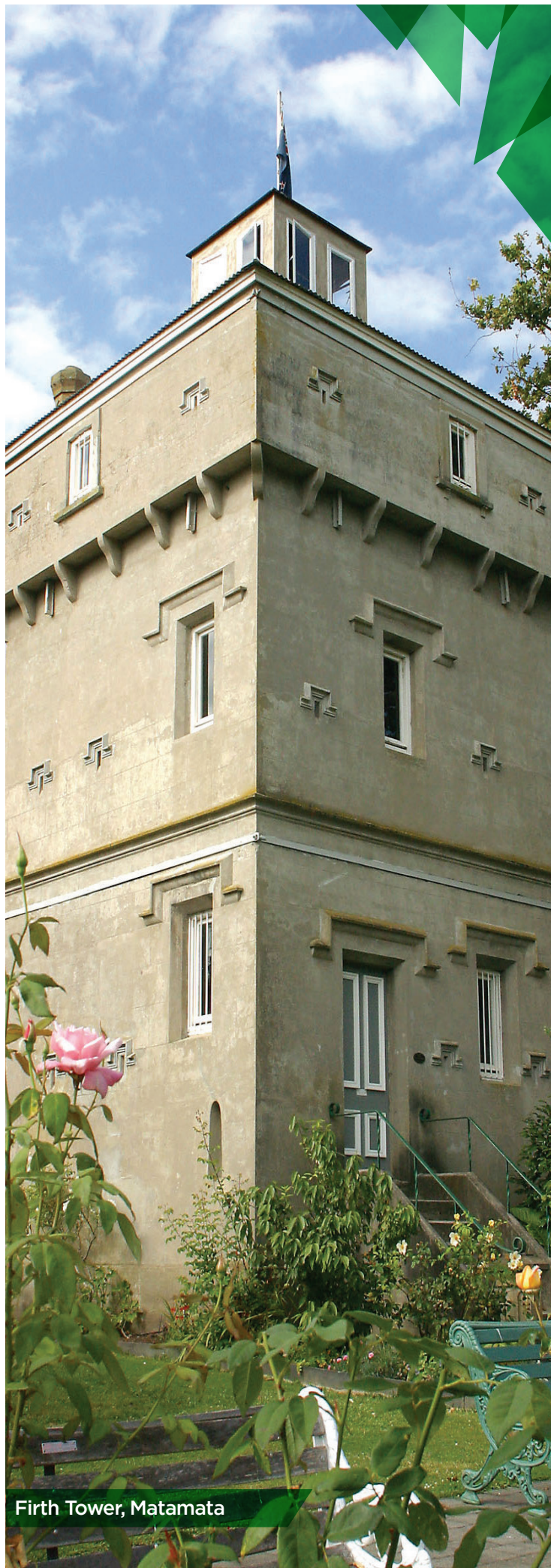
Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Te Aroha wastewater resource consent - Under the new resource consent issued by Waikato Regional Council for the Te Aroha Wastewater Treatment plant during 2015, if Council fails to meet annual nitrate discharge conditions as per the consent, then an annual sum of \$15,000 will be payable to the local Wetlands Trust.

Events after balance date

There were no significant events after balance date.



Firth Tower, Matamata

Annual report disclosure statement for the year ending 30 June 2018

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information including definitions of some of the terms used in this statement.

Rates affordability benchmark

The Council meets the rates affordability benchmark if-

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graphs compare the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan. The first graph shows the quantified limit on rates adopted in the 2015-25 LTP, which changed from the quantified limit on rates from the previous LTP, shown in the second graph.

2015-25 Long Term Plan

The quantified limit from the financial strategy included in the 2015-25 LTP is: Annual rates income¹ will not increase by more than 4%.

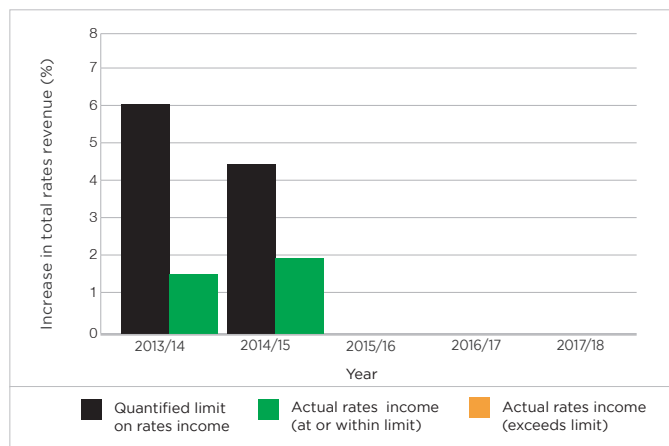


Comment:

The limit on rates income for 2017/18 was set at \$34.7m. Actual rates income (excluding penalties and metered water revenue) was \$32.0m (2016/17: \$31.6m).

2012-22 Long Term Plan

The quantified limit on rates income from the financial strategy included in the 2012-22 LTP was set at a level that was intended to meet forecast increases in costs each year as set out in the 2012-22 LTP.

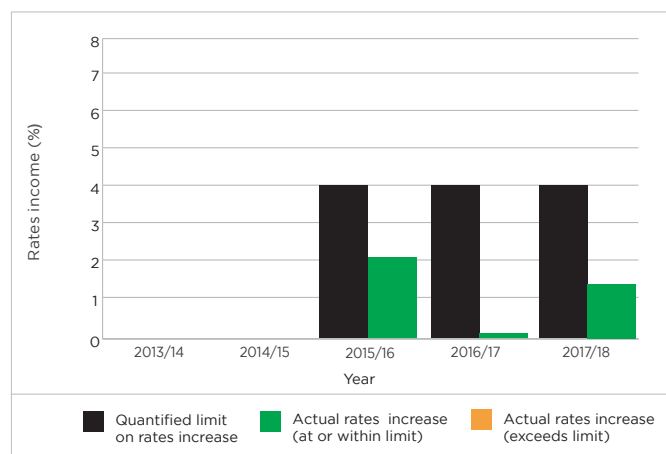


Rates (increases) affordability

The following graphs compare the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan. The first graph shows the quantified limit on rates increases adopted in the 2015-25 LTP, which changed from the quantified limit on rates increases from the previous LTP, shown in the second graph.

2015-25 Long Term Plan

The quantified limit from the financial strategy included in the 2015-25 LTP is: Annual rates increases¹ will not be more than 4%.

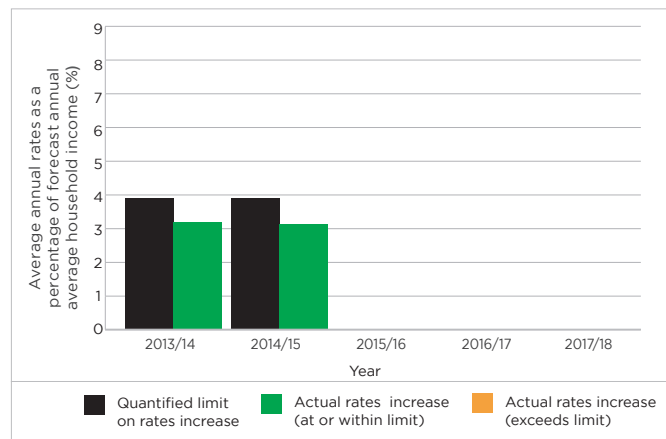


Comment:

The actual rates increase (excluding penalties and metered water revenue) for 2017/18 was 1.33% (2016/17: 0.05%).

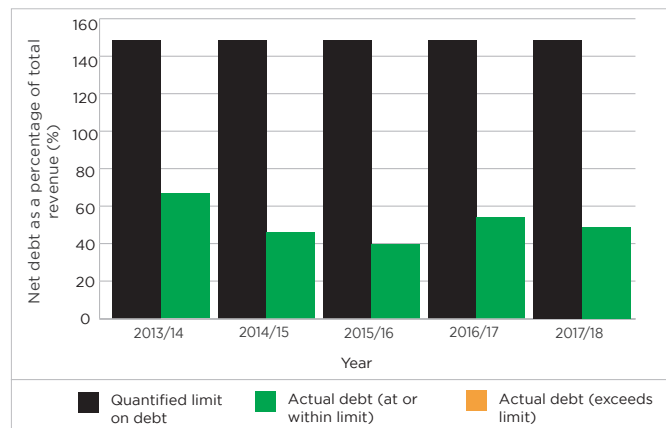
2012-22 Long Term Plan

The quantified limit on rates increases from the financial strategy included in the 2012-22 LTP was: Average annual rates will not increase to more than 4% of forecast average annual household income.



Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing. The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is: net debt as a percentage of total revenue² will not exceed 150%.



Comment:

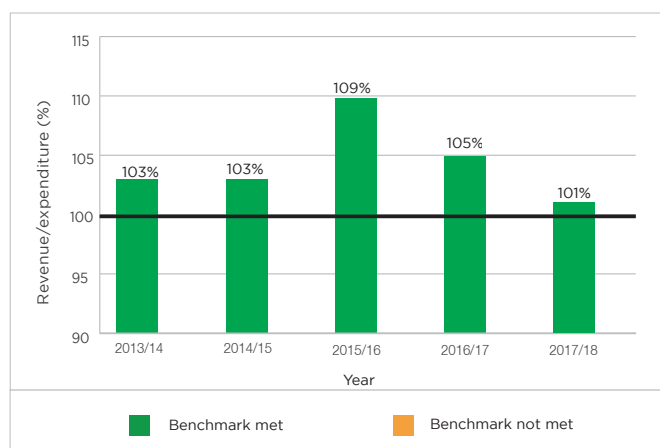
Council's actual net debt as a percentage of total revenue has reduced overall over the last five years from 67% in 2013/14 to 49% in 2017/18. This is compared to the limit of 150%, which is considered (by independent professionals) to be a prudent limit for a council of our size and nature.

¹ For the purpose of these calculations, rates income excludes penalties (which are not budgeted for) and metered water revenue (the majority of which comes from a few large industrial users). These items are excluded as the level of income received is not within Council's direct control.

² Consistent with our Liability Management Policy, total revenue excludes development and financial contributions, vested and found assets and other gains.

Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

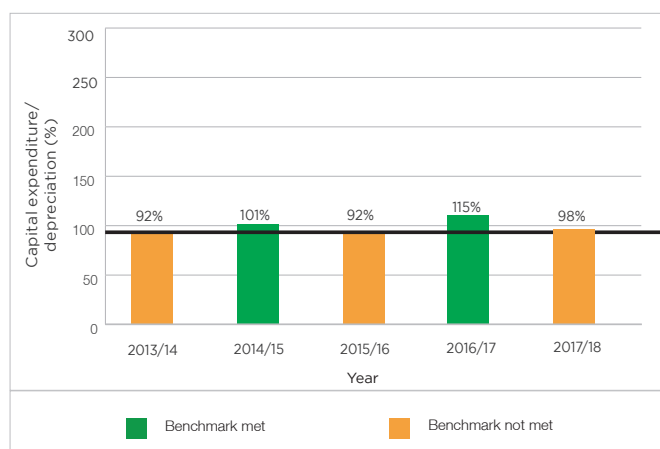


Comment:

When budgeting, Council aims for operating expenses to be covered by operating revenue – to “break even”. For accounting purposes, when we replace assets like pipes and reseal roads, the old replaced assets are “disposed of” and the “loss” from doing so is recorded as “operating expenses”. Council does not rate to cover this. At the same time, operating revenue also includes subsidies that Council receives to maintain and replace roading in the district. This revenue is included in operating, however the cost is not reflected as an operating expense - it is capital expenditure.

Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

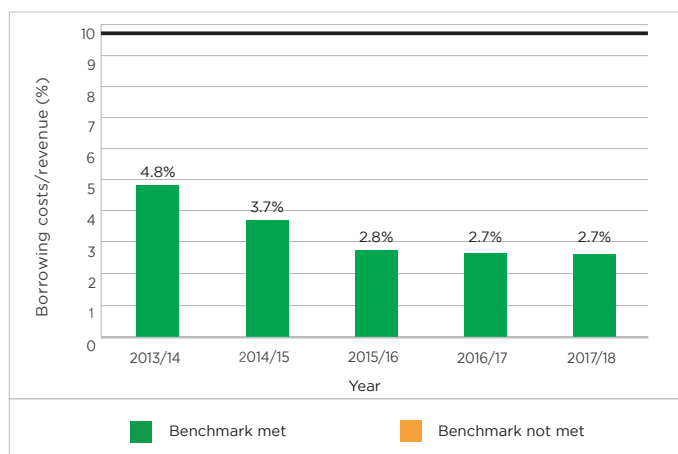


Comment:

Council's capital expenditure before between 2010 and 2012 averaged 205%, so was well in excess of the depreciation charged at the time as Council completed some significant wastewater and water upgrade projects. Capital spending is not programmed on a straight-line basis consistent with depreciation, however over a period of time it would be more closely aligned.

Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

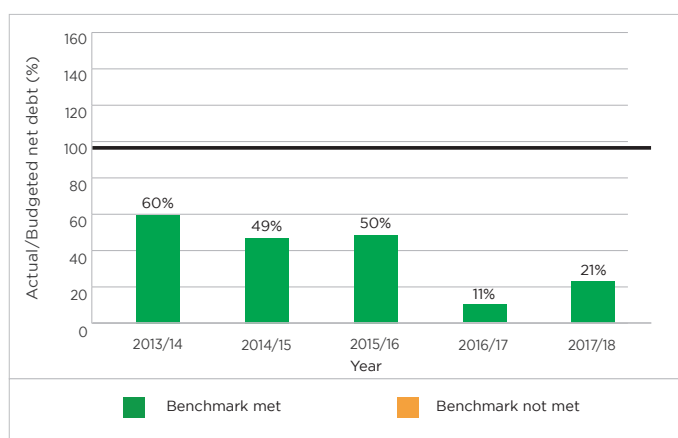


Comment:

Council's borrowing costs are sustainable and well under the 10% limit.

Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

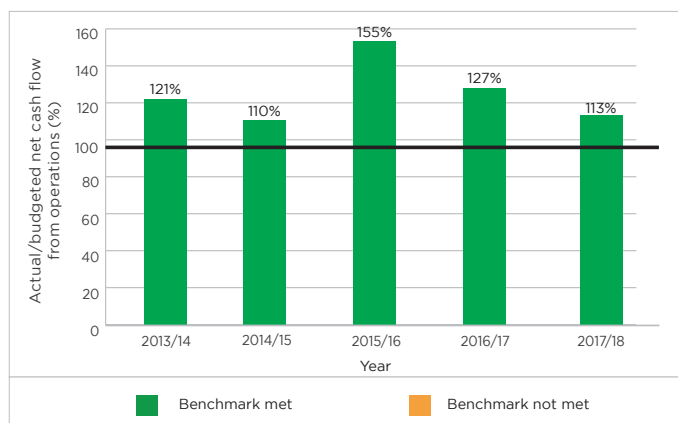


Comment:

Debt over the last five years has reduced as capital spending has been lower than budgeted and maturing investments have been used to repay debt.

Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Comment:

Our actual cash flow from operations has exceeded our budgeted cash flow from operations over the last five years.

Customer Survey 2017/18

Overall performance

As part of the Annual Report each year we undertake a Customer Survey. The purpose of the survey is to gauge residents perception of performance for our services and facilities.

The survey is undertaken by an independent research company who conducts phone interviews of randomly selected residents. The sample size is selected based on the latest population demographic information from Census. This year our sample size was 400 randomly selected residents, with weighting applied for gender, age group and ward of residence. This sample group gave us a margin of error of +/- 4.9% at the 95% confidence interval. In other words if this survey was to be repeated again with a different set of randomly selected respondents at a similar time, there would be a very high probability that the results would be within 5% of the original results.

The survey results feed into our performance monitoring for the Annual Report and help us identify areas for improvement and the priorities of our community.

Overall satisfaction with Council increased by 4% this year, from 68% in 2017 to 72% in 2018 (13% very satisfied and 59% satisfied). There was a decrease in people who said they were dissatisfied with Council, from 11% last year to 6% this year (4% dissatisfied and 2% very dissatisfied). 22% said they were neither satisfied nor dissatisfied.

Although a few of our survey results did not meet our targets, some of these missed by small margins. For example one missed by only 1%.

This year's survey was the third and final for our Long Term Plan 2015-25. The results for each activity can be found in the respective activity section of this document.

Your district

Area 175,477 hectares	2015/16	2016/17	2017/18
Number of electors (enrolled)*	23,236	23,414	23,767
Number of rating units**	14,877	14,890	15,015
Value of improvements**	\$4,064,097,500	\$4,065,600,500	\$4,543,681,400
Net land value**	\$6,292,556,400	\$6,300,578,400	\$8,240,602,000
Total Capital value**	\$10,356,653,900	\$10,366,178,900	\$12,784,283,400
Total rates***	\$30,800,000	\$30,821,000	\$31,324,000
Average total rates per rating unit	\$2,070	\$2,070	\$2,086

*Electoral enrolment centre.

** At the end of the preceding financial year.

*** Excludes metered water rates, targeted rates from industries, lump-sum contributions and penalties.

Community outcomes

Community outcomes are our vision for the future of our community. We consulted with our community in 2011 to create outcomes that aim to build a vibrant, healthy and thriving district for everyone.

Our future approach

Community outcomes support our vision to enable democratic local decision making and to meet the needs of current and future generations in a cost effective and efficient manner.

We have grouped these outcomes into six themes:

- Strong and safe communities
- Decision making
- Recreation and facilities
- Our environment
- Arts and heritage
- Growth and development

In accordance with changes to the Local Government Act 2002, we have identified how our outcomes relate

to the overall purpose of local government to provide good quality local infrastructure, local public services and regulatory functions. We have also identified which activities contribute to these outcomes, the indicators that help measure these outcomes and progress towards them. These are detailed on the following pages.

Because the community outcomes are aspirational, our progress towards individual outcomes will be influenced by what our community sees as being the priority and what we can achieve within our resources.

We aim to contribute to all the community outcomes and encourage the community to make positive contributions towards these outcomes. We have reported on progress made towards these community outcomes in this report.

Community outcome themes	Local Government purpose
1. Strong and safe communities	Local public services - Regulatory functions - Local infrastructure
2. Decision making	Local public services - Regulatory functions
3. Recreation and facilities	Local public services - Regulatory functions - Local infrastructure
4. Our environment	Local public services - Regulatory functions - Local infrastructure
5. Arts and heritage	Local public services - Local infrastructure
6. Growth and development	Local public services - Regulatory functions - Local infrastructure

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
1. Strong and safe communities			
(a) Council will aim to significantly reduce illegal activities and anti-social behaviour in our community.	Animal Control Building Consents and Monitoring Licensing and Enforcement Parks and Tracks Public Toilets	By responding quickly to complaints, we can help prevent illegal building work, anti-social behaviour, uncontrolled dogs and other animals, loud noises, and the sale of alcohol to minors which can negatively impact people's health and wellbeing. Careful design of new parks and park developments contribute to the safety of parks and helps minimise illegal activities. We also carry out studies on parks and public toilets to ensure they are safe for users.	Please refer to the Levels of Service sections for the Animal Control, Building Consents and Monitoring, and Licensing and Enforcement activities for our other contributions to this outcome. In 2017/18 we have completed CPTED (Crime Prevention Through Environmental Design) assessments of three parks and three public toilet facilities - no major issues were reported. We applied CPTED principles to the design of the new Matamata-Piako Civic and Memorial Centre.
(b) Council will encourage a vibrant and cooperative community and recognise success within our district.	Communications and Events Strategies and Plans	We organise events to recognise those who give their time and effort to help others, and support local businesses and organisations that provide services for our community. We also aim to foster local community development by making grants available to groups that provide community services.	We have granted over \$200,000 to community organisations to support a vibrant and cooperative local community. See the Strategies and Engagement activity for more details. Please refer to the Levels of Service section for the Communications and Events activity for our other contributions to this outcome
(c) Council will encourage growth and prosperity to ensure the district is an attractive place to raise a family.	Strategies and Plans	We support growth through providing adequate areas for development in the district. We support tourism and businesses in our district, through partnering with local and regional organisations to promote our district.	We provided annual funding of \$150,000 to regional tourism promotion, \$50,000 to the Matamata Public Relations Association and \$70,000 to the Morrinsville Chamber of Commerce. These organisations provide information services for tourists and supporting businesses and events in the towns. Council owns and operates the Te Aroha i-SITE.
(d) Council will encourage access to good quality and affordable housing.	Housing and Property Management	Our Housing and Property Management activity supports this outcome by providing affordable elderly persons housing. By processing building consents on time we contribute to the timely completion of good quality building projects.	Please refer to the Levels of Service sections for the Housing and Property Management, and Building Consents and Monitoring activities for our contributions to this outcome.
(e) Council will prepare for emergencies.	Civil Defence	We prepare for emergencies by ensuring staff are qualified to act if necessary. We also encourage our community to be prepared for an emergency.	Please refer to the Levels of Service section for the Civil Defence activity for our contributions to this outcome.
(f) Council services and activities will contribute to the health and wellbeing of our community/lwi.	Parks and Tracks Pools and Spas Recreation Facilities and Heritage Rubbish and Recycling Stormwater Wastewater Water Licensing and Enforcement Building Consents and Monitoring Animal Control	We aim to have a strong community, and we contribute to this through most of our activities: -Parks, tracks, pools, spas and recreational and heritage facilities provide spaces for formal and informal sport, recreation and cultural activities. -Our rubbish and recycling activity ensures safe disposal of rubbish and recycling. -Stormwater services ensure properties are kept safe from flooding when it rains. -We ensure the safe collection, treatment and disposal of wastewater to contribute towards the health and wellbeing of our community. -Safe drinking water is essential for healthy communities. -By responding to complaints, street patrols (for animals) and site visits we can help prevent anti-social behaviour, uncontrolled dogs, loud noises, and the sale of alcohol to minors, which can negatively impact people's health and wellbeing. -By requiring buildings to comply with the building code we ensure that buildings are safe and more sustainable (for example they meet improved building insulation requirements).	We have continued to provide these services and activities to the community. Please refer to the Levels of Service section for the activities listed for our contributions to this outcome.

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes																		
2. Decision making																					
a) Our community/Iwi will be informed and have the opportunity to comment on significant issues.	Communications and Events Community Leadership Strategies and Plans Resource Consents and Monitoring	We ensure the community and Iwi are informed about what we are doing, and encourage them to engage with us throughout the decision making process.	<p>We have provided a wide range of information to the community and Iwi. We have undertaken public consultation on the following documents:</p> <p>Fees and Charges 2017/18 Rates Remission and Postponement Policies Development Contributions Policy Joint Eastern Waikato Waste Minimisation Plan District Plan - Plan Change 47 2018 -2028 Long Term Plan</p> <p>As part of our Long Term Plan 2018-2028 we have consulted on the following major proposals:</p> <ul style="list-style-type: none">- Long Term Plan grant funding- Additional investment in regional economic development- Funding our Volunteer Youth Ambassadors- Preparing for a Matamata Bypass- Changes to the way we fund rubbish and recycling.- Extending the Hauraki Rail Trail- Major repairs to Headon Stadium <p>We have also undertaken public consultation on our representation arrangements to determine the ratio of elected members to people in our District.</p> <p>We will provide feedback to the community on how we are doing by publishing our Annual Report 2017/18. We also made improvements to our website so that people can access Council information at their leisure. Please refer to the Levels of Service section for the activities listed for our contributions to this outcome.</p>																		
(b) Tangata whenua with manawhenua status (those with authority over the land under Maori lore) have meaningful involvement in decision making.	Community Leadership Strategies and Plans Consents and Monitoring All of Council	<p>The Te Manawhenua Forum is a standing committee of Council that has been developed under a Heads of Agreement with Forum members. The purpose of the Forum is to facilitate Tangata Whenua contribution to our decision making. We plan to achieve this outcome by continuing to fund and hold Forum meetings each year, workshops where required and establish working parties to undertake specific projects so Iwi can participate in decision making.</p> <p>The Forum can also make formal submissions to our plans and strategies (such as Long Term Plans and District Plan changes). Through the submissions process, we are able to formally consider the views of the Forum. We aim to achieve this outcome by consulting with the Forum on our key legislative documents.</p> <p>We also consult with Iwi in the district on resource consent applications made under the Resource Management Act 1991 that are relevant to Maori. Consultation with Iwi is important in creating an effective partnership in the management of the district's natural and physical resources. We consult with Iwi when we receive resource and subdivision consent applications that may be of Iwi interest. As part of the memoranda of understanding that we have with a number of Iwi, there is no consultation on some types of resource consents, including breaches of development controls such as yard requirements in urban areas.</p>	<p>Te Manawhenua Forum mo Matamata-Piako Te Manawhenua Forum mo Matamata-Piako</p> <p>In 2017/18 there were four meetings of Te Manawhenua Forum mo Matamata-Piako.</p> <p>Issues considered included 2018 Waitangi Day Celebrations, Tuia Rangatahi Mentoring Programme, Representation Review updates, Long Term Plan 2018 -2028, Te Aroha to Matamata Cycleway, Matamata-Piako Civic and Memorial Centre, Te Wānanga o Aotearoa updates, an RMA training course, the Waikato Plan, information on the Annual Customer Survey and Fees and Charges 2017/18.</p> <p>Waharoa (Matamata) Aerodrome Committee</p> <p>The Committee held three meetings in 2017/18; Issues considered included an overview of the aerodrome's operations and financials, options for improving vehicle access to the adjoining Marae, speed limit discussions and future hangar options.</p> <p>More information on these committees is set out further on in the Annual Report under 'Maori participation in decision making'.</p> <p>Consultation on Resource Consent applications</p> <p>We measure this through the number of resource consent consultation responses each financial year. The most recent results being for 2016/17 as part of the State of the Environment Report that was produced in November 2017. The response rate by Iwi to Council consultation has varied in the past 10 years in the range between 20% and 90%. It is anticipated that as Iwi complete treaty settlement negotiations, Council will continue to move towards a model of providing reports on resource consents to Iwi, and our indicators will need to be reviewed as the percentage of individual responses to resource consents will drop. Response rates are as follows:</p> <table><tr><td>2000/01 - 59%</td><td>2001/02 - 77%</td></tr><tr><td>2002/03 - 68%</td><td>2003/04 - 80%</td></tr><tr><td>2004/05 - 74%</td><td>2005/06 - 45%</td></tr><tr><td>2006/07 - 45%</td><td>2007/08 - 74%</td></tr><tr><td>2008/09 - 80%</td><td>2009/10 - 68%</td></tr><tr><td>2010/11 - 52%</td><td>2011/12 - 56%</td></tr><tr><td>2012/13 - 90%</td><td>2013/14 - 42%</td></tr><tr><td>2014/15 - 20%</td><td>2015/16 - 50%</td></tr><tr><td>2016/17 - 50%</td><td></td></tr></table>	2000/01 - 59%	2001/02 - 77%	2002/03 - 68%	2003/04 - 80%	2004/05 - 74%	2005/06 - 45%	2006/07 - 45%	2007/08 - 74%	2008/09 - 80%	2009/10 - 68%	2010/11 - 52%	2011/12 - 56%	2012/13 - 90%	2013/14 - 42%	2014/15 - 20%	2015/16 - 50%	2016/17 - 50%	
2000/01 - 59%	2001/02 - 77%																				
2002/03 - 68%	2003/04 - 80%																				
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2010/11 - 52%	2011/12 - 56%																				
2012/13 - 90%	2013/14 - 42%																				
2014/15 - 20%	2015/16 - 50%																				
2016/17 - 50%																					

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
(c) Council's decision making will be sound, visionary, and consider the different needs of our community/Iwi.	Community Leadership Strategies and Plans Resource Consents and Monitoring	Te Manawhenua Forum, a standing committee of Council, which is made up of Iwi representatives from around the district meets quarterly to make recommendations to Council regarding a variety of our projects. To enable the democracy process, the community needs to know when, where and how decisions are being made. We actively encourage community engagement and work to reduce barriers for the public in dealing with us. This means people can be confident that we will listen to and respect ideas from the community, and Council decisions will reflect the wants and needs of the community.	Please see the information above on the public consultations Council has undertaken this year. We will continue to look at ways to best engage with the public to encourage participation in the democratic process. Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.
(d) Council will recognise treaty settlement issues between the Crown and Iwi.	Community Leadership Strategies and Plans	We have been working with the Crown to provide feedback on treaty settlement issues. We aim to recognise treaty settlement issues working through the Office of Treaty Settlement process.	We measure progress through the extent to which we have participated in Treaty of Waitangi settlement negotiation discussions. There are four Iwi groups within Matamata-Piako that are at various stages with the Crown regarding Treaty of Waitangi Settlements. Council has been engaged at varying levels in these processes. Please refer to the information under 'Maori participation in decision making'.
3. Recreation and facilities			
(a) Council's reserves and facilities will be safe, well maintained and accessible to encourage people to use them.	Libraries Parks and Tracks Public Toilets Cemeteries Recreation Facilities and Heritage Pools and Spas	Careful design of new parks and park developments, regular building and playground inspections, swimming pool and spa audits contribute to the safety of reserves and facilities. All of our facilities are well maintained and conveniently located to encourage use.	We have achieved this outcome by continuing to provide parks and reserves, pools, recreation facilities and libraries that are accessible to the community, along with completion of the Matamata-Piako Civic and Memorial Centre. We also hosted events such as the summer reading programme at our libraries. Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.
(b) People will be well informed of the district's resources, equipment, and facilities.	Communications and Events	Our website allows customers to find the information they need and interact with us at any time, from anywhere.	In 2017/18 we had 146,015 visits to our website. This is an increase of 1.9% from last year. We have continued to encourage people to make submissions and applications online through our website and to sign up to our e-newsletter mailing lists.
(c) Council walking and cycling tracks will be promoted, well maintained, and developed as resources allow.	Parks and Tracks	A track brochure is available at information centres and track information and maps are also available on our website. We are also improving signage along our tracks. We are planning to expand the tracks available in our community through the implementation of the Open Spaces Strategy 2013 as part of the Long Term Plan 2015-25.	We continue to work with community groups to develop and maintain tracks so they are safe and well maintained for people to use. For example, we worked with the Rotary Club of Matamata to develop the Peria Road to Dawson Street walkway. We also developed the Avenue Road South connection to the Morrinsville River Walk in conjunction with the Lions Club Morrinsville. New track map signs were installed at the Hamilton Street and Tui Road carparks. We have continued consulting key landowners about the proposed new linkage parks and walkways in Morrinsville and Matamata. Planning and consultation for the cycleway extension from Te Aroha to Matamata was completed and construction is due to start in 2018/19 A new modular playground was installed at Herries Memorial Park. Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.
(d) The tourism potential of our district will be recognised and encouraged.	Strategies and Plans	We support tourism and businesses in our district through partnering with local and regional organisations to promote our district.	We have contributed to this outcome by contributing \$150,000 to regional tourism promotion, \$50,000 to the public relations association in Matamata and \$70,000 to the Morrinsville Chamber of Commerce as well as operating the Te Aroha i-SITE. The operation of the Hauraki Rail Trail, which we help fund, is providing opportunities for tourism and growth in our community. Council is also in the process of extending the cycleway to Matamata, to further encourage its use.
(e) Maori cultural facilities (such as Marae) will be recognised for their contribution to community wellbeing.	Communications and Events	In order for Maori cultural facilities to be recognised the community need to be aware of them. We aim to provide information on our website about our local Maori cultural facilities so the community can be informed about the important role they play in the district. We also aim to provide opportunities for rates relief through our policy on rates remissions for Maori freehold land and policy on Postponement of Rates on Maori freehold land.	We measure progress by recording how Council has supported/ contributed to Maori cultural facilities (e.g. funding, rates relief). We currently have recorded 41 non-rateable Maori properties and 147 rateable Maori properties in the district. The value of non rateable (freehold) Maori properties in the district is \$6,580,000. The value of rateable Maori properties in the district is \$92,698,900 (\$91,052,900 in 2016/17). The value of Maori freehold land is adjusted to reflect the requirements of Te Ture Whenua Maori Act 1993. Council remits approximately \$13,000 each year on Maori properties. Council did not receive any applications to the Heritage Building Fund in 2017/18.

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
(f) Maori will have opportunities to provide input to the governance of ancestral lands administered as reserves.	Parks and Tracks	We manage parks and reserves for the benefit of the community. One of our aims is to ensure that Iwi are consulted with on our reserve management plans. We measure progress by the number of formalised arrangements for joint management of reserves and number of times Iwi are consulted with on reserve management plans and the number of reserves classified as historic reserves or otherwise for Maori purposes.	As a result of completion of Treaty of Waitangi settlement negotiations with Ngāti Haua, we have one statutory co-governance Committee of Council and Ngāti Haua to oversee the governance of the Waharoa (Matamata) Aerodrome. We are currently reviewing the Waharoa Aerodrome Reserve Management Plan and have been actively consulting with both the Waharoa Aerodrome co-governance committee and Ngāti Haua during 2017/18. Reviews of reserve management plans generally happen once every five years or more. Council does not have any historic reserves identified for Maori purposes.
4. Our environment			
(a) Council will manage contaminants, odours and air pollution from its activities.	Stormwater Wastewater	Stormwater systems discharge treated stormwater to the environment. The quality and quantity of the discharge must meet the appropriate standard. We will manage our contaminants, odours, air pollution and ensure compliance with our resource consent conditions for these discharges to contribute to the health and well being of our community.	We hold four comprehensive stormwater resource consents relating to the urban areas of Matamata, Te Aroha, Morrinsville and Waharoa. We hold 18 comprehensive wastewater resource consents relating to our wastewater networks in Matamata, Waihou, Tahuna, Morrinsville and Te Aroha. Please refer to the Levels of Service section for the activities listed for our contributions to this outcome.
(b) Council will provide and promote sustainable waste management options to protect our environment.	Rubbish and Recycling	Making sure our services are reliable and available encourages people to recycle and to dispose of waste responsibly and sustainably.	We provided 'zero waste' education resources to 25 schools in our district and supported the EnviroSchool's programme with 11 participating schools in Matamata-Piako. We are achieving this outcome by providing refuse and recycling services to the community. Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.
(c) Council will protect and regenerate our native flora, wetlands and significant natural features.	Strategies and Plans Resource Consents and Monitoring	Our District Plan sets rules to protect significant natural features, wahi tapu and to regulate development. Through the implementation of these rules, we protect the community from adverse effects on the environment. Monitoring and reporting on the state of our environment allows us to identify if we are achieving our objectives to protect the environment and highlights any issues that need to be addressed during District Plan reviews. Resource consents need to be completed within statutory timeframes to ensure development projects can be completed seamlessly. To ensure decision making is fair and just, the regulatory planning department have measures in place to ensure we are consistent when dealing with resource consents.	We have committed to undertaking a rolling review of our District Plan. Further information about each of the plan changes can be found in Part 3 - Strategy and Engagement. We also continued to monitor the state of the environment and published the State of the Environment Report 2017 on our website in November. Information on the number of consents for subdivision of high quality soils has varied between 2 and 42 per year between 2006/07 and 2016/17. The large increase from 11 applications in 2010/11 to 37 applications in 2011/12 may be due to the now operative Rural Subdivision District Plan change (Plan Change 42), which was consulted on in 2011/12, and proposed to increase the minimum lot size in rural areas to 40 hectares. Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.
(d) The adverse effects of development, industry and farming will be managed, monitored and minimised.			
(e) High quality soils in our district will be protected.			
5. Arts and heritage			
(a) The whakapapa (ancestral heritage)/ heritage and character of our district will be protected and promoted.	Strategies and Plans	Through this activity we apply the rules set down in our District Plan to protect the whakapapa (ancestral heritage)/heritage and character of our district. We measure progress by the number of resource consents applied for/granted to substantially modify scheduled heritage buildings and/or buildings within the Te Aroha Character Area and measures taken by Council toward the recognition and protection of cultural/heritage sites e.g. funding, numbers of resource consents impacting heritage or cultural sites.	The Te Aroha Character Area has a special zoning to protect its unique buildings and places. From 2006/07 - 2016/17 there have been 12 resource consents applied for, and granted, to substantially modify scheduled buildings in the Te Aroha Character Area. These have mainly related to altering the appearance of buildings by the addition of signage or decks. Since 2006/07 two resource consents have been granted to modify listed heritage features outside the Te Aroha Character Area. There are 88 listed heritage features in the Matamata-Piako District Plan. These include historic buildings such as churches and commercial buildings, as well as monuments, geological formations and landing sites. There were no applications to the Heritage Building Fund in 2017/18.
(b) Our kawa (protocol), tikanga (customs), history and knowledge will be respected and preserved.	Strategies and Plans	We have developed and will continue to work on protocols to raise our cultural competency to work more effectively with Iwi/hapu and be responsive to Maori protocols, customs, heritage and culture. This will help ensure our engagement with Maori is meaningful and leads to positive outcomes for our communities.	We engage with Te Manawhenua Forum mo Matamata-Piako and post-treaty settlement Iwi entities to understand consultation needs. We have worked with the Forum on the development of Tangata Whenua Engagement, Guidelines and Kaitiaki/Cultural Monitoring Protocols to assist with Council's communication with Iwi.
(c) Wahi tapu and taonga (significant and treasured sites) will be recognised.	Resource Consents and Monitoring	Regulatory Planning is a service provided by Council as one of the activities required to meet our obligations under the Resource Management Act 1991.	There are 78 wahi tapu sites listed in the District Plan and these include urupa (burial sites), pa and midden sites, and Marae. In 2015/16, three consents had conditions imposed. These included an undertaking to revisit the consent conditions should a co-management settlement act be signed for the Waihou catchment within 12 months, to ensure consistency between the requirements of the act and the resource consent. In 2016/17, there were two conditions imposed on resource consents; these were in relation to erosion protection and earthworks to re-contour land and develop a walkway for a tourist accommodation venture by lake Karapiro. Also, two consents required archaeological discoveries to be reported to Tangata Whenua and Council; that work must cease immediately and not recommence until after Tangata Whenua values and interests had been considered and written permission had been provided by Council.

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
(d) People will have the opportunity to learn about their own and others kawa (protocol), tikanga (customs), whakapapa (ancestral heritage), heritage and culture.	Libraries	We will have resources available at our libraries that give people the opportunity to learn about their own and others kawa (protocol), tikanga (customs), whakapapa (ancestral heritage), heritage and culture.	<p>In the 2017/18 financial year, our total Maori item category count was 1,520. In the 2017/18 financial year we added 73 new items with a Maori item category to our library collection. The usage of our Maori collection items is measured by our borrowing records. In 2017/18, there were 123 Maori items issued to library members.</p> <p>In 2017/18 we worked with local community groups to organise a community event for Waitangi Day 2017. This event was held in Te Aroha.</p>
(e) Council will encourage the arts.	Communications and Events	Our website helps keep the community informed about arts events in our community.	<p>We have contributed to this outcome by providing information on arts events in our online events calendar.</p> <p>We have also provided annual funding of \$24,000 to our district's museums, \$20,000 to Wallace Gallery in Morrinsville, and community grants to local culture and arts organisations and groups to assist with the running of events and equipment purchases.</p>
Growth and Development			
(a) Council plans will be flexible, to accommodate well-planned, sustainable growth.	Strategies and Plans Resource Consents and Monitoring	We will continue to review and monitor our plans to ensure they meet the needs of our community. We also aim to ensure that all our strategies are well-planned and flexible to respond to the needs of the community by consulting with them when developing these documents.	We have committed to undertaking a rolling review of our District Plan. Further information about each of the plan changes can be found in the Strategy and Engagement, Levels of Service section.
(b) Development will be conducted in a manner respectful to kawa (protocol), tikanga (customs) and values.	Resource Consents and Monitoring	<p>Regulatory planning is a service provided by us as one of the activities required to meet our obligations under the Resource Management Act 1991. Through this activity we apply the rules set down in our District Plan to ensure development is carried out in an appropriate way.</p> <p>Through our District Plan we provide for the ongoing management of the natural and physical resources of the district to ensure it is protected for future generations. Our District Plan objectives, policies and rules are one of the ways we can support facilities such as Marae and Papakainga</p>	<p>We measure progress by the number of resource consents applied for/granted to substantially modify scheduled heritage buildings and/or buildings within the Te Aroha Character Area and measures taken by Council toward the recognition and protection of cultural/heritage sites e.g. funding, numbers of resource consents impacting heritage or cultural sites.</p> <p>Please refer to information under community outcome theme 5 Arts and Heritage for more information.</p>
(c) Council will provide essential infrastructure to meet the needs of our community now and in the future.	Roading Rubbish and Recycling Water Wastewater Stormwater	Ensuring our assets are maintained and replaced when required will ensure they meet the needs of our community now and in the future.	We have continued to provide these services and activities to the community. We have a proactive replacement and maintenance programme in place for all our assets to ensure they continue to deliver services to our communities.
(d) Council consent processes will ensure that our communities and environment are safe and sustainable.	Building Consents and Monitoring Resource Consents and Monitoring	By processing consents we ensure projects meet relevant safety and environmental standards.	Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.
(e) Systems will exist to provide sustainable clean water for our community/Iwi.	Water	Providing safe drinking water is one of our core services. Our plans look at the needs of our community for up to the next 100 years to ensure our water services are sustainable.	The Health (Drinking Water) Amendment Act 2007 requires us to comply with the New Zealand Drinking Water Standards (NZDWS) 2008. This involves a rigorous testing and monitoring regime and the preparation of a Water Safety Plans. Water testing and monitoring confirmed that our water supplies were safe to drink. Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.
(f) Council will support Tangata Whenua in their role to provide facilities such as Marae and Papakainga.	Strategies and Plans	<p>Through our District Plan we provide for the ongoing management of the natural and physical resources of the district to ensure it is protected for future generations. Our District Plan objectives, policies and rules are one of the ways we can support facilities such as Marae and Papakainga.</p> <p>We aim to support Tangata Whenua to provide facilities such as Marae and Papakainga through our Policy on Rates Remissions for Maori Freehold Land and Policy on Postponement of Rates on Maori Freehold land.</p>	<p>We measure progress by recording the number of Iwi development and management plans in operation. We are aware of two Iwi development or management plans within the district boundaries:</p> <ul style="list-style-type: none"> The Te Rautaki Taiao a Raukawa, the Raukawa Environmental Management Plan 2015 from Raukawa. Waikato-Tainui Environmental Plan, Tai Tumu, Tai Pari, Tai Ao from Waikato-Tainui. <p>It is anticipated that as Treaty settlements are completed by local Iwi and the Crown there will be a greater opportunity for Iwi to develop management plans. Treaty settlements also contemplate the creation of co-governance frameworks for natural resources, such as the Waihou and Piako rivers.</p> <p>We also measure progress by recording the number of non-rated Marae and meeting houses as per the Local Government (Rating) Act 2002. Please refer to information under community outcome 3(e) for this information.</p>
(g) Council will contribute to a safe and efficient transport network.	Roading	We work to provide a roading and footpath network that is accessible and affordable. One of the ways we can measure the safety of our roading network is by the number of serious injury and fatal accidents that occur.	Please refer to the Levels of Service section for the activities listed for our contributions to this outcome.

Maori participation in Council decision making

Under the Local Government Act 2002, we need to establish and maintain processes to provide opportunities for Maori to contribute to our decision making processes. Several Iwi have rohe (ancestral lands) or interests in our district, including Ngati Haua, Ngati Rahiri Tumutumu, Raukawa, Ngati Maru, Ngati Whanaunga, Ngati Paoa, Ngati Tamatera and Ngati Hinerangi. This is reflected in our processes for Maori to have opportunities to contribute to decision making in the district.

Te Manawhenua Forum mo Matamata-Piako

Te Manawhenua Forum mo Matamata-Piako (Forum) is a standing committee of Council that has been established under a Heads of Agreement with the Forum. The purpose of the Forum is to facilitate Mana Whenua contribution to our decision making.

Resource Management Act 1991 - resource consent processing

Currently we have agreements with Iwi within the district to consult with them on resource consent applications made under the Resource Management Act 1991. We are currently undertaking a rolling review of the District Plan. As part of this process we will review how we engage with Iwi through the resource consent process. We also monitor the number of times we seek and receive feedback from Iwi. The results of this monitoring are reported each year in our State of the Environment Report, which is available at www.mpd.govt.nz.

Treaty of Waitangi settlements

Iwi in and around the Matamata-Piako District are currently negotiating with the Crown and are at various stages of settling Treaty of Waitangi claims. While these agreements are between the Crown and Iwi, we will be affected by the outcome of these settlements.

Hauraki Treaty of Waitangi Settlements

In 2010, the Crown and Hauraki Iwi signed the Hauraki Collective Framework agreement, which outlined the process for ongoing negotiations towards settlement of shared claims, including possible elements of a settlement. The Iwi in the Hauraki Collective are Ngati Hako, Ngati Paoa, Ngati Tamatera, Ngati Tara-Tokanui, Ngati Porou ki Hauraki, Ngati Whanaunga, Ngati Hei, Ngati Maru, Ngati Pukenga, Te Patukirikiri, Ngati Tai ki Tamaki and Ngati Rahiri Tumutumu.

The Crown acknowledges that Raukawa and Ngati Haua also have interests in the Waihou River that are of significant cultural, historical and spiritual importance to the Iwi. We (as well as the Waikato Regional Council and other adjoining district councils) have been engaged by the Crown to provide feedback in the ongoing negotiations between the Crown and Hauraki Iwi.

Ngati Haua Treaty of Waitangi Settlement

The Ngati Haua Claims Settlement Act 2014 was passed into law in December 2014. One site of significance to Ngati Haua is the Waharoa (Matamata) Aerodrome. As part of settlement, the Council, the Crown and Ngati Haua agreed that a co-governance committee called the Waharoa (Matamata) Aerodrome Committee comprising of Ngati Haua and Council representatives would be established for the Waharoa Aerodrome. Council has incorporated the statutory acknowledgements, as they relate to the district in Appendix 10 of the Matamata-Piako Operative District Plan.

Ngati Hinerangi Treaty of Waitangi Settlement

We have been invited to provide feedback to the Crown on its settlement negotiations with Ngati Hinerangi. These negotiations are on going following Ngati Hinerangi signing their Agreement in Principle in December 2015.

Raukawa Treaty of Waitangi Settlement

The Crown has settled the claims of the Raukawa Iwi with legislation to give effect to the deed of settlement signed on 2 June 2012. The Raukawa Claims Settlement Act 2014 reflects this agreement. There were no specific arrangements between Council and Raukawa. Raukawa have released Te Rautaki Taiao a Raukawa (Raukawa Environmental Management Plan) 2015. Council has been required to include statutory acknowledgements of the Crown in its District Plan.

Part Two: Financials

Financial statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2018

Actual 2016/17		Notes	Annual Plan 2017/18	Actual 2017/18
\$000			\$000	\$000
	Revenue			
34,079	Rates	2	34,177	34,099
7,360	Subsidies and grants	2	6,151	6,831
7,170	Fees and charges	2	5,647	6,990
524	Development and financial contributions		405	1,790
549	Interest revenue	2	257	622
1,239	Other revenue	2	466	4,491
50,921	Total revenue		47,103	54,823
	Expenses			
13,815	Personnel costs	3	14,638	14,015
13,958	Depreciation and amortisation	15	13,953	14,018
1,349	Finance costs	4	1,766	1,335
17,963	Other expenses	5	16,050	19,499
47,085	Total expenses		46,407	48,867
8	Share of joint venture surplus/(deficit)	12	-	2
3,844	Surplus/(deficit)		696	5,958
	Other comprehensive revenue and expense			
10,174	Financial assets at fair value through other comprehensive revenue and expense	21	-	453
(18,817)	Property, plant and equipment revaluations	21	12,929	19,945
(8,643)	Total other comprehensive revenue and expense		12,929	20,398
(4,799)	Total comprehensive revenue and expense		13,625	26,356

Explanations of major variances against budget are provided in Note 25.
The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2018

Actual 2016/17		Notes	Annual Plan 2017/18	Actual 2017/18
(\$000)			\$000	\$000
586,144	Balance at 1 July		586,886	581,345
(4,799)	Total comprehensive revenue and expense for the year		13,625	26,356
581,345	Balance at 30 June		600,511	607,701

Explanations of major variances against budget are provided in Note 25.
The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2018

Actual 2016/17		Notes	Annual Plan 2017/18	Actual 2017/18
\$000			\$000	\$000
	Assets			
	Current assets			
2,591	Cash and cash equivalents	6	835	3,892
3,876	Receivables	7	3,000	3,958
281	Prepayments		-	389
649	Inventory	8	174	839
-	Non-current assets held for sale	9	-	426
-	Derivative financial instruments	10	-	-
	Other financial assets			
80	- Investments in CCOs and other similar entities	11	-	136
19,339	- Investments in other entities	11	4,837	12,778
26,816	Total current assets		8,846	22,418
	Non-current assets			
5	Derivative financial instruments	10	-	1
	Other financial assets			
13,447	- Investments in CCOs and other similar entities	11	3,062	13,814
262	- Investments in other entities	11	2,112	-
580,876	Property, plant and equipment	13	632,846	609,505
1,002	Intangible assets	14	918	850
595,592	Total non-current assets		638,938	624,170
622,408	Total assets		647,784	646,588
	Liabilities			
	Current liabilities			
6,731	Payables and deferred revenue	16	4,184	6,475
81	Derivative financial instruments	10	-	76
5,191	Borrowings	17	5,192	8,616
1,524	Employee entitlements	18	1,300	1,661
216	Provisions	19	89	216
13,743	Total current liabilities		10,765	17,044
	Non-current liabilities			
1,595	Derivative financial instruments	10	-	1,861
24,616	Borrowings	17	35,284	19,000
450	Employee entitlements	18	613	380
659	Provisions	19	611	602
27,320	Total non-current liabilities		36,508	21,843
41,063	Total liabilities		47,273	38,887
581,345	Net assets (assets minus liabilities)		600,511	607,701
	Equity			
425,934	Accumulated funds	21	405,026	429,837
155,411	Other reserves	21	195,485	177,864
581,345	Total equity		600,511	607,701

Explanations of major variances against budget are provided in note 25. The accompanying notes form part of these financial statements.

Statement of cashflows

For the year ended 30 June 2018

Actual 2016/17		Notes	Annual Plan 2017/18	Actual 2017/18
\$000			\$000	\$000
	Cashflows from operating activities			
34,403	Receipts from rates revenue		34,177	34,271
8,249	Subsidies and grants received		6,151	5,719
6,875	Fees and charges received		5,647	7,416
572	Development and financial contributions received		405	1,796
496	Interest received		257	650
-	Dividends received		-	31
261	Receipts from other revenue		266	318
(16,939)	Payments to suppliers		(16,049)	(18,848)
(13,841)	Payments to employees		(14,638)	(13,947)
(1,344)	Interest paid		(1,765)	(1,323)
(33)	GST (net)		-	217
18,699	Net cash flow from operating activities		14,451	16,300
	Cash flows from investing activities			
241	Receipts from the repayment of loans and advances		216	232
576	Receipts from the sale of property, plant and equipment		-	21
-	Proceeds from sale/maturity of investments		573	6,528
(16,846)	Purchase of property, plant and equipment		(22,316)	(19,074)
(290)	Purchase of intangible assets		(97)	(99)
(9,899)	Acquisition of investments		-	-
-	Purchase of own your own properties		-	(416)
(26,218)	Net cash flows from investing activities		(21,624)	(12,808)
	Cash flows from financing activities			
5,000	Proceeds from borrowings		7,389	3,000
(180)	Repayment of borrowings		-	(5,191)
4,820	Net cash flows from financing activities		7,389	(2,191)
(2,699)	Net (decrease)/increase in cash and cash equivalents		214	1,301
5,290	Cash and cash equivalents at the beginning of the year		619	2,591
2,591	Cash and cash equivalents at the end of the year	6	835	3,892

Explanations of major variances against budget are provided in Note 25.
The accompanying notes form part of these financial statements.

Statement of cashflows

For the year ended 30 June 2018 (continued)

Reconciliation of surplus/(deficit) to net cash flow from operating activities

Actual 2016/17		Actual 2017/18
\$000		\$000
3,844	Surplus/(deficit)	5,958
	Add/(less) non-cash items	
(8)	Share of joint venture surplus/(deficit)	(2)
13,958	Depreciation and amortisation expense	14,018
(7)	Vested assets revenue	(4,166)
21	(Gains)/losses on disposal of investments in Council Controlled Organisations	-
(959)	(Gains)/losses on derivative financial instruments	265
(184)	Assets under construction reclassified as operating expenditure	220
206	Other non-cash operating items	(64)
13,027	Total non-cash items	10,271
	Add/(less) items classified as investing or financing activities	
945	(Gains)/losses on disposal of property, plant and equipment	703
(12)	(Gains)/losses on the fair value of loans and receivables	(7)
933	Total items classified as investing or financing activities	696
	Add/(less) movements in working capital items	
674	(Increase)/decrease in receivables	(82)
(36)	(Increase)/decrease in prepayments	(108)
164	(Increase)/decrease in inventory	(189)
-	Increase/(decrease) in payables	(256)
(26)	Increase/(decrease) in employee entitlements	67
119	Increase/(decrease) in provisions	(57)
895	Net movement in working capital items	(625)
18,699	Net cash inflow/(outflow) from operating activities	16,300

The accompanying notes form part of these financial statements.

Financial statement notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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Financial statement notes

1. Statement of accounting policies

Reporting entity

Matamata-Piako District Council (the Council) is a local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

Council has a 34% interest in a jointly controlled entity, Thames Valley Civil Defence Emergency Management Committee, together with Hauraki District Council and Thames-Coromandel District Council. Each Council has equal representation on the committee.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of the Council are for the year ended 30 June 2018. The financial statements were authorised for issue by Council on 10 October 2018.

Basis of preparation

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the year.

Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA, and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with and comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in Note 3, and the related party transaction disclosures in Note 22. The remuneration, severance payment, and related party transaction disclosures are rounded to the nearest dollar.

Standards issued and not yet effective that have been early adopted

Standards and amendments issued but not yet effective that have been early adopted are:

Impairment of Revalued Assets

In April 2017, the External Reporting Board (XRB) issued Impairment of Revalued Assets, which now scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards. The Council has early adopted this amendment in preparing its 30 June 2017 financial statements. From the 30 June 2017 year onwards, the Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The Council can therefore impair a revalued asset without having to revalue the entire class of asset to which the asset belongs.

Other changes in accounting policies

There have been no other changes in accounting policies.

Standards issued and not yet effective, and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council are:

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted. Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 affecting this Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.

- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standard.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Goods and services tax (GST)

Items in the financial statements are stated exclusive of GST, except for receivables and payables which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to or received from the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Budget figures

The budget figures are those approved by the Council in its 2017/18 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Cost allocation

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area. The allocation of indirect costs to the activities of Council has also been benchmarked against neighbouring local authorities for moderation.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 13.
- Estimating Council's provisions – see Note 19.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Classification of property – see Note 13.
- Fair value of investment in Waikato Regional Airport Limited – see Note 11.

2. Revenue

Accounting policy

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised as it is invoiced.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Fees and charges

Fees and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence.

Private works

The revenue from private works is recognised as revenue by reference to the stage of completion of the work at balance date.

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised when received or invoiced.

Infringement fees and fines

Infringement fees and fines related to animal control are recognised when the payment of the fee or fine is received.

Lease and rental revenue

Lease and rental revenue arising on property owned by us is accounted for on a straight line basis over the lease term.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer. An exception to this is land under roads which is valued using the average land values for the urban and rural areas of the whole district as at 1 July 2001. For long-lived assets that must be used for a specific use (for example, land that must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Found assets

Found asset revenue recognises the value of assets that we own, or where we have full control and management of the asset (and that asset is not recorded as such by any other entity), and these assets have not been previously accounted for. These assets are recognised at their fair value from the time that they are identified.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (for example, as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method. Dividends are recognised when the right to receive the payment has been established.

(I) Breakdown of rates and further information

2016/17		2017/18
\$000		\$000
20,086	General rates	21,193
	Targeted rates attributable to activities:	
2,347	- Metered water supply	1,944
2,891	- Other water rates	2,428
6,785	- Wastewater	6,684
856	- Stormwater	801
1,303	- Refuse	1,299
99	- Halls	97
77	Lump sum contributions	-
133	Rates penalties	136
(498)	Rates remissions	(483)
34,079	Total rates	34,099

The Council is required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes), our annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2018 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

(II) Breakdown of subsidies and grants

2016/17		2017/18
\$000		\$000
	Subsidies and grants for operating purposes	
2,651	New Zealand Transport Agency roading subsidies	2,556
112	Other government subsidies	134
2,763	Total subsidies and grants for operating purposes	2,690
	Subsidies and grants for capital expenditure	
3,495	New Zealand Transport Agency roading subsidies	4,141
1,102	Silver Fern Farms Events Centre Te Aroha project donations	-
4,597	Total subsidies and grants for capital expenditure	4,141
7,360	Total subsidies and grants	6,831

(III) Breakdown of fees and charges

2016/17		2017/18
\$000		\$000
296	Property lease revenue	293
914	Property rental charges	952
722	Trade waste charges	759
965	Building consent charges	870
744	Resource consent charges	701
167	Liquor and health licensing fees	170
497	Rubbish and recycling charges	583
1,076	Aquatic facilities revenue	1,080
130	Library charges	113
195	Cemetery fees and charges	171
235	Community facilities charges	267
1,229	Other user charges	1,031
7,170	Total fees and charges	6,990

(IV) Breakdown of interest revenue

2016/17		2017/18
\$000		\$000
520	Term and on-call deposits	600
27	Listed bonds and borrower notes	20
2	Community loans	2
549	Total interest revenue	622

(V) Breakdown of other revenue

2016/17		2017/18
\$000		\$000
7	Vested land and infrastructure from property development	4,166
23	Fines and infringement fees	39
238	Petrol tax	244
-	Bequests and other donations	4
-	Dividend revenue	31
959	Unrealised gain on interest rate swaps	-
12	Unrealised gain on loans and receivables	7
1,239	Total other revenue	4,491

Operating leases as a lessor

Council leases its property under operating leases. The majority of these leases have cancellable terms of 36 months. Council also has one perpetual non-cancellable lease for endowment property (2017: one). The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

2016/17		2017/18
\$000		\$000
5	Not later than one year	5
19	Later than one year and not later than five years	19
43	Later than five years	38
67	Total non-cancellable operating leases	62

No contingent rents have been recognised during the year.

3. Personnel costs

Accounting policy

Defined contribution superannuation scheme

Employer contributions to Kiwisaver, the Government Superannuation Fund, are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Breakdown of personnel costs and further information

2016/17		2017/18
\$000		\$000
13,570	Salaries and wages	13,665
271	Defined contribution plan employer contributions	283
(26)	Increase/(decrease) in employee entitlements	67
13,815	Total personnel costs	14,015

Chief Executive remuneration

The total remuneration (including and non-financial benefits) paid or payable for the year to the Chief Executive was \$330,265 (2017: \$309,152).

Elected representatives' remuneration

Elected representatives received the following remuneration:

2016/17		2017/18
\$		\$
110,103	Mayor, Janet Barnes	111,972
30,628	Deputy Mayor, James Thomas	31,289
19,081	Councillor Donna Arnold	27,208
27,738	Councillor Teena Cornes	34,076
19,081	Councillor Paul Cronin	28,448
26,990	Councillor Neil Goodger	27,335
27,953	Councillor Brian Hunter	27,208
26,753	Councillor Peter Jager	27,208
19,081	Councillor James Sainsbury	27,208
29,339	Councillor Ashley Tanner	31,289
19,081	Councillor Kevin Tappin	30,568
19,081	Councillor Adrienne Wilcock	28,448
7,714	Ex-Councillor Robert McGrail	-
7,714	Ex-Councillor Nicki Robb	-
7,714	Ex-Councillor Garry Stanley	-
7,714	Ex-Councillor Maurice Steffert	-
7,714	Ex-Councillor Leonie Tisch	-
413,479	Total elected representatives' remuneration	432,257

The amounts shown include the base salary paid to the elected representatives as well as any hearing fees. In respect of the Mayor, it also includes non-financial benefits, being the use of a motor vehicle, and the Fringe benefit Tax paid to the Inland Revenue Department in respect of that vehicle.

Council employee remuneration by band

Total annual remuneration by band for employees (including the Chief Executive) as at 30 June:

2016/17	Total annual remuneration by band for employees (including the Chief Executive) as at 30 June:	2017/18
Number of employees		Number of employees
156	<\$60,000	145
42	\$60,000 - \$79,999	51
31	\$80,000 - \$99,999	29
12	\$100,000 - \$159,999	11
4	\$160,000 - \$319,999	4
245	Total employees	240

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 147 (2017: 149) full-time employees, with the balance of staff representing 49 (2017: 49) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

Severance payments

Council did not make any severance payments during the year ended 30 June 2018 (2017: nil).

4. Finance costs

Accounting policy

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Breakdown of finance costs

2016/17		2017/18
\$000		\$000
	Interest expense:	
820	- interest on borrowings	736
21	- discount unwind on provisions (note 19)	21
	Interest derivatives (presented net):	
508	- held for trading interest rate swaps	578
1,349	Total finance costs	1,335

5. Other expenses

Accounting policy

Grant expenditure

The Council's grants awarded have no substantive conditions attached.

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council have no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Breakdown of other expenses and further information

2016/17		2017/18
\$000		\$000
	Fees to auditors:	
122	- fees to Audit New Zealand for audit of financial statements	123
5	- fees to Audit New Zealand for the Debenture Trust Deed audit	5
-	- fees to Audit New Zealand for the audit of the Long Term Plan	78
415	Donations and grants	437
405	Insurance premiums	433
(24)	Impairment of receivables (note 7)	276
13	Operating lease expense	22
205	Review of provisions (note 19)	-
-	Unrealised loss on interest rate swaps	265
745	Net loss on disposal of property, plant and equipment	703
21	Loss of disposal of investments in Council Controlled Organisations and other entities	-
15,617	Other operating expenses	17,157
17,197	Total other expenses	19,499

6. Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Breakdown of cash and cash equivalents and further information

2016/17		2017/18
\$000		\$000
1,091	Cash at bank and on hand	1,492
1,500	Term deposits with maturities of less than three months at acquisition	2,400
2,591	Total cash and cash equivalents	3,892

Assets recognised in a non-exchange transaction that are subject to restrictions

The Council hold unspent funds, included in cash at bank and investments of \$394,000 (2017: \$705,000) that are subject to restrictions. These unspent funds relate to endowment land sales, reserves development and bequests and trust funds (see Note 21), where the spending of funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

7. Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Breakdown of receivables and further information

2016/17		2017/18
\$000		\$000
910	Rates receivables	866
321	Metered water receivables	276
927	New Zealand Transport Agency subsidy	2,164
321	GST receivables	104
824	Other general receivables	468
759	Accrued income	333
4,343	Receivables (gross)	4,211
(186)	Less provision for uncollectability	(253)
4,157	Total receivables	3,958
	Total receivables comprise:	
3,029	Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,446
1,128	Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	512

Fair value

Receivables are general short-term and non-interest bearing. Therefore the carrying value of receivables approximates their fair value.

Assessment for uncollectability

The Council does not provide for any uncollectability on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

The ageing profile of receivables at year-end is detailed below:

2017/18			
	Gross	Provision for uncollectability	Net
	\$000	\$000	\$000
Not past due	3,940	-	3,940
Past due 1 - 60 days	18	-	18
Past due 61 - 90 days	-	-	-
Past due > 90 days	253	(253)	-
Total	4,211	(253)	3,958

2016/17			
	Gross	Provision for uncollectability	Net
	\$000	\$000	\$000
Not past due	3,806	-	3,806
Past due 1 - 60 days	324	-	324
Past due 61 - 90 days	12	(1)	11
Past due > 90 days	201	(185)	16
Total	4,343	(186)	4,157

All receivables greater than 30 days in age are considered to be past due.

The provision for uncollectability has been calculated based on a review of specific overdue receivables and a collective assessment. The collective assessment is based on an analysis of past collection history and debt write-offs.

2016/17		2017/18
\$000		\$000
28	Individual provision for uncollectability	66
158	Collective provision for uncollectability	187
186	Total provision for uncollectability	253

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

2016/17		2017/18
\$000		\$000
-	Past due 1 - 60 days	-
-	Past due 61 - 90 days	-
28	Past due > 90 days	66
28	Total individual provision for uncollectability	66

Movements in the provision for uncollectability of receivables are as follows:

2016/17		2017/18
\$000		\$000
236	Balance at 1 July	186
(24)	Additional provisions made during the year	276
(26)	Receivables written off during the period	(209)
186	Balance at 30 June	253

The Council hold no other collateral as security or other credit enhancements over receivables that are either past due or uncollectable.

8. Inventory

Accounting policy

Inventory

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realizable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write down from cost to net realisable value or for the loss of service potential is recognized in the surplus or deficit in the year of the write-down.

When land held for development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory with the exception of infrastructural asset costs, which are capitalised to property, plant and equipment.

Breakdown of inventory and further information

2016/17		2017/18
\$000		\$000
	Non-commercial inventory:	
95	- inventory held for distribution	106
554	- wastewater treatment plant parts	550
	Commercial inventory:	
-	- Own your own property	183
649	Total inventory	839

There was no write-down of inventory during the year (2017: \$75,084). There have been no reversals of write-downs (2017: Nil).

Equipment remaining from the Morrinsville wastewater treatment plant upgrade is classified as inventory as the equipment will be used as spare parts for the plant. No inventory is pledged as security for liabilities, or is subject to retention of title clauses (2017: Nil).

9. Non-current assets held for sale

Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

Breakdown of non-current assets held for sale and further information

2016/17		2017/18
\$000		\$000
-	Own your own properties	426
-	Total assets held for sale	426

During the year, Council repurchased 2 'own your own' properties in Morrinsville that remained unsold at 30 June 2018. They are expected to be sold within the next 12 months.

10. Derivative financial instruments

Accounting policy

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its treasury policies, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. The associated gains or losses are recognised in the surplus or deficit. The fair value of the derivative is classified as current if the contract is due for settlement within 12 months of balance date. Otherwise derivatives are classified as non-current.

Breakdown of non-current assets held for sale and further information

2016/17		2017/18
\$000		\$000
	Non-current assets	
5	Interest rate swaps - held for trading	1
5	Total non-current derivative financial instrument assets	1
	Current liabilities	
81	Interest rate swaps - held for trading	76
81	Total current liabilities	76
	Non-current liabilities	
1,595	Interest rate swaps - held for trading	1,861
1,595	Total non-current liabilities	1,861
1,676	Total derivative financial instrument liabilities	1,937

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$40 million (2017: \$34 million).

At 30 June 2018, the fixed interest rates of the interest rate swaps ranged from 2.53% to 5.05% (2017: 3.07% to 5.05%).

Fair value

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

11. Other financial assets

Accounting policy

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

Term deposits, and community and other loans (loans and receivables)

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

After initial recognition, term deposits and community and other loans are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

Local authority and other stock (held-to-maturity)

After initial recognition, local authority and other stock (designated as held to maturity) are measured at amortised costs using the effective interest method.

At year-end, they are assessed for indicators of impairment. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Investments in Council Controlled Organisations and other entities (fair value through other comprehensive revenue and expense)

Shares in Council Controlled Organisations and other entities are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit. Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

Breakdown of other financial assets and further information

2016/17		2017/18
\$000		\$000
	Current	
	Investment in CCOs and similar entities:	
80	New Zealand Local Government Funding Agency - borrower notes	136
80	Total current investment in CCOs and similar entities	136
	Investment in other entities:	
18,300	Term deposits	12,150
49	Community loans	51
216	Industry loan	230
340	Banks Road development loan	347
434	Local authority and other stock	-
19,339	Total current investment in other entities	12,778
	Non-current	
	Investment in CCOs and similar entities:	
392	New Zealand Local Government Funding Agency - borrower notes	304
12,797	Waikato Regional Airport Limited	13,250
116	New Zealand Local Government Insurance Corporation	116
87	Thames Valley Civil Defence Emergency Management Committee	89
35	Waikato Local Authority Shared Services Limited	35
20	Hauraki Rail Trail Charitable Trust	20
13,447	Total non-current investment in CCOs and similar entities	13,814
	Investment in other entities:	
37	Community loans	-
225	Industry loan	-
262	Total non-current investment in other entities	-

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Community, Industry and Banks Road Development loans

These loans are recognised at fair value, determined using cash flows discounted at a rate based on the two year swap rate of 2.3% (2017: 2.21%).

New Zealand Local Government Funding Agency - borrower notes

At year-end Council has \$440,000 in borrowing notes invested with the Local Government Funding Agency at floating rates of interest (2017: \$472,000). These will mature between December 2017 and April 2025.

Waikato Regional Airport Limited

As an increasing portion of Waikato Regional Airport Limited's (WRAL's) balance sheet is carried at fair value, Council are able to reliably measure its investment in WRAL at fair value using the net asset backing of the company.

Thames Valley Civil Defence Emergency Management Committee

Council initially recognised the value of Thames Valley Civil Defence Emergency Management Committee (TVCDPMC) at cost, and the carrying amount is increased or decreased to recognise Council's share of the surplus or deficit of the Committee after the initial recognition.

Other unlisted shares

The fair value of unlisted shares is measured at cost because there is no active market for these assets. These investments are held for strategic purposes, and there are no plans to dispose of these investments.

Impairment

There were no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

12. Investment in joint venture

Accounting policy

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity. For jointly controlled operations, the Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture.

Breakdown of other financial assets and further information

The Council's interest in the Thames Valley Civil Defence Emergency Management Committee joint venture is accounted for as a jointly controlled operation. The Council's interests in the jointly controlled operation are as follows:

2016/17		2017/18
\$000		\$000
86	Current assets	53
15	Non-current assets	50
(14)	Current liabilities	(13)
-	Non-current liabilities	-
174	Revenue	136
(166)	Expenses	(134)

The joint venture has no capital commitments, contingent liabilities or contingent assets at 30 June 2018 (2017: nil).

13. Property, plant and equipment

Accounting policy

Property, plant and equipment consist of:

Operational assets - These include land, buildings, plant and machinery, furniture and equipment, computer equipment, and library collections.

Restricted assets - Restricted assets are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluations

Land and buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment (other than land and the library collection), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The library collection is depreciated on a diminishing value basis. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Operational assets	Useful life	Deprecation rate
Buildings	2 to 100 years	1% - 50%
Restricted assets (buildings)	2 to 100 years	1% - 50%
Plant and machinery	2 to 10 years	10% - 50%
Furniture and equipment	2 to 20 years	5% - 50%
Computer equipment	3 to 5 years	20% - 33%
Server hard drives	1 year	100%
Library collection	2 to 9 years	11% - 50%
Infrastructural assets	Useful life	Deprecation rate
Roading network		
Street lighting	25 years	4%
Formation carriageway	100 years	1%
Pavement surfacing	7 to 50 years	2% - 14%
Pavement structure	39 to 47 years	3% - 4%
Footpaths	5 to 50 years	2% - 20%
Drainage	60 to 90 years	1% - 2%
Bridges	75 to 90 years	1% - 2%
All other	1 to 57 years	2% - 50%
Utility assets		
Buildings	50 to 80 years	1% - 2%
Wastewater mains	50 to 100 years	1% - 2%
Wastewater other	80 to 100 years	1% - 2%
Wastewater pump station equipment	1 to 120 years	1% - 100%
Wastewater service lines	50 to 100 years	1% - 2%
Water mains	40 to 88 years	1% - 3%
Water valves	35 to 80 years	1% - 3%
Water hydrants	80 years	1%
Water nodes	80 years	1%
Water pump station equipment	3 to 100 years	1% - 33%

Operational assets	Useful life	Depreciation rate
Water service lines	40 to 88 years	1% - 3%
Stormwater mains	51 to 100 years	1% - 2%
Stormwater manholes	100 years	1%
Stormwater pumps	15 years	7%
Stormwater service lines	60 to 100 years	1% - 2%
Swale drains	Indefinite	0%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

Impairment of property, plant and equipment

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets is the present value of expected future cash-flows.

Critical accounting estimates and assumptions

Land (operational, restricted and infrastructural)

The most recent valuation of land was performed by independent registered valuers, Curnow Tizard Limited. The valuation is effective as at 1 July 2017.

Land is valued at fair value using market based evidence based on its highest and best use with reference to comparable land values. Where this is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement. Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings (operational and restricted and infrastructural)

The most recent valuation of buildings was performed by SPM Consultants Limited. The valuation was effective as at 1 July 2017.

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 1 July 2017 valuation include:

- The replacement costs of the specific assets are adjusted where appropriate for optimization due to over-design or surplus capacity. There has been no optimization adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and compared with other comparable Councils and the Valuers records. For particularly specialised assets, Valuers escalated Councils unit rates using the appropriate Statistics New Zealand Capital Goods Price Index.

- The remaining useful life of assets is estimated after considering factors such as the condition of the assets, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market-based evidence.

A comparison of the carrying value of the buildings valued using depreciated replacement cost and buildings valued using market-based evidence is as follows:

	2017/18
	\$'000
Operational buildings	
Depreciated replacement cost	-
Market-based evidence	13,182
Total carrying value of operational buildings	13,182
Restricted buildings	
Depreciated replacement cost	26,925
Market-based evidence	7,584
Total carrying value of restricted buildings	34,509

Note this is the first year that this information has been captured and disclosed. Comparative information will be provided going forward.

Infrastructural asset classes: roading, water, wastewater and stormwater networks

The most recent valuation of roading infrastructural assets was performed by Opus International Limited and the valuation is effective as at 1 July 2017.

The most recent valuation for water, wastewater and stormwater infrastructural assets was performed in house by experienced staff as there is an active market and readily available price indices that establish the fair value of these assets with reasonable reliability. The valuation was then peer reviewed by PJ and Associates. The valuation is effective as at 1 July 2017.

Roading, water, wastewater and stormwater infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's capital Goods Price Index (based on the June 2017 quarter index) for civil constructions or the NZTA Index for road and bridge construction to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over the useful life estimates.

Critical judgements in applying accounting policies

Classification of property

The Council owns a number of properties held to provide housing to elderly persons. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

Breakdown of property, plant and equipment and further information

Movements in the carrying value for each class of property, plant and equipment are as follows:

	Cost/ valuation 1 July 2017	Accumulated depreciation and impairment charges 1 July 2017	Carrying value 1 July 2017	Current year additions	Current year vested and round assets	Current year disposals	Work in progress transferred into assets	Current year impairment charges	Current year depreciation	Revaluation surplus/ (deficit)	Cost/valuation 30 June 2018	Accumulated depreciation and impairment charges 30 June 2018	Carrying value 30 June 2018
2017/18	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets													
Land	17,163	-	17,163	-	-	-	-	-	-	6,517	23,680	-	23,680
Buildings	13,121	(2,252)	10,869	250	-	-	96	-	(787)	2,754	16,221	(3,039)	13,182
Plant and machinery	6,670	(4,752)	1,918	474	-	(13)	-	-	(355)	-	7,131	(5,107)	2,024
Furniture and equipment	2,651	(1,732)	919	307	-	-	10	-	(116)	-	2,968	(1,848)	1,120
Computer equipment	4,873	(4,095)	778	207	-	-	-	-	(353)	-	5,080	(4,448)	632
Library collections	3,724	(3,199)	525	150	-	-	-	-	(171)	-	3,874	(3,370)	504
Assets under construction	99	-	99	13	-	-	(106)	-	-	-	6	-	6
Total operational assets	48,301	(16,030)	32,271	1,401	-	(13)	-	-	(1,782)	9,271	58,960	(17,812)	41,148
Restricted assets													
Land	14,907	-	14,907	637	-	-	271	-	-	2,735	18,550	-	18,550
Buildings	27,948	(3,058)	24,890	6,360	-	-	1,307	-	(1,159)	3,111	38,726	(4,217)	34,509
Assets under construction	1,856	-	1,856	29	-	-	(1,578)	-	-	-	307	-	307
Total restricted assets	44,711	(3,058)	41,653	7,026	-	-	-	-	(1,159)	5,846	57,583	(4,217)	53,366
Infrastructural assets													
Roads	285,991	(5,989)	280,002	7,547	1,855	(258)	45	-	(5,986)	4,683	299,863	(11,975)	287,888
Land under roads	66,732	-	66,732	-	543	-	-	-	-	-	67,275	-	67,275
Water supply - treatment plants and facilities	13,265	(662)	12,603	266	-	(6)	108	-	(634)	229	13,862	(1,296)	12,566
Water supply - other assets (including reticulation systems)	41,787	(957)	40,830	569	351	(75)	320	-	(926)	(2,227)	40,725	(1,883)	38,842
Stormwater system	39,941	(580)	39,361	23	979	-	-	-	(594)	679	41,622	(1,174)	40,448
Wastewater - treatment plants and facilities	30,447	(1,875)	28,572	354	-	(358)	930	-	(1,884)	4	31,377	(3,759)	27,618
Wastewater - other assets (including reticulation systems)	32,115	(703)	31,412	13	437	(5)	-	-	(721)	627	33,187	(1,424)	31,763
Land	2,943	-	2,943	-	-	-	-	-	-	626	3,569	-	3,569
Buildings	1,945	(207)	1,738	-	-	-	4	-	(82)	207	2,156	(289)	1,867
Assets under construction	2,759	-	2,759	1,803	-	-	(1,407)	-	-	-	3,155	-	3,155
Total infrastructural assets	517,925	(10,973)	506,952	10,575	4,165	(702)	-	-	(10,827)	4,828	536,791	(21,800)	514,991
Total property, plant and equipment	610,937	(30,061)	580,876	19,002	4,165	(715)	-	-	(13,768)	19,945	653,334	(43,829)	609,505

Note that disposals in these tables are reported net of accumulated depreciation and include property, plant and equipment classified as held for sale during the year. No items of property, plant and equipment are pledged as security for liabilities.

	Cost/ valuation 1 July 2016	Accumulated depreciation and impairment charges 1 July 2016	Carrying value 1 July 2016	Current year additions	Current year tested and found assets	Current year disposals	Work in progress transferred into assets	Current year impairment charges	Current year depreciation	Revaluation surplus/ (deficit)	Cost/ valuation 30 June 2017	Accumulated depreciation and impairment charges 30 June 2017	Carrying value 30 June 2017
2016/17	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets													
Land	17,425	-	17,425	-	-	(97)	-	-	-	(165)	17,163	-	17,163
Buildings	13,169	(1,472)	11,697	85	-	(93)	23	-	(780)	(63)	13,121	(2,252)	10,869
Plant and machinery	6,367	(4,394)	1,973	456	-	(153)	-	-	(358)	-	6,670	(4,752)	1,918
Furniture and equipment	2,516	(1,628)	888	117	-	-	18	-	(104)	-	2,651	(1,732)	919
Computer equipment	4,371	(3,764)	607	502	-	-	-	-	(331)	-	4,873	(4,095)	778
Library collections	3,555	(3,030)	525	169	-	-	-	-	(169)	-	3,724	(3,199)	525
Assets under construction	25	-	25	115	-	-	(41)	-	-	-	99	-	99
Total operational assets	47,428	(14,288)	33,140	1,444	-	(343)	-	-	(1,742)	(228)	48,301	(16,030)	32,271
Restricted assets													
Land	14,842	-	14,842	65	-	-	-	-	-	-	14,907	-	14,907
Buildings	23,239	(1,916)	21,323	1,273	-	(336)	3,898	-	(1,142)	(126)	27,948	(3,058)	24,890
Assets under construction	4,451	-	4,451	1,303	-	-	(3,898)	-	-	-	1,856	-	1,856
Total Restricted assets	42,532	(1,916)	40,616	2,641	-	(336)	-	-	(1,142)	(126)	44,711	(3,058)	41,653
Infrastructural assets													
Roading	293,037	-	293,037	7,199	-	387	262	-	(5,989)	(14,120)	285,991	(5,989)	280,002
Land under roads	66,672	-	66,672	60	-	-	-	-	-	-	66,732	-	66,732
Water supply - treatment plants and facilities	10,647	-	10,647	2,296	-	-	1,082	-	(662)	(760)	13,265	(662)	12,603
Water supply - other assets (including reticulation systems)	45,383	-	10,647	667	5	76	261	-	(957)	(4,453)	41,797	(957)	40,830
Stormwater system	39,955	-	45,383	-	-	-	-	-	(580)	(14)	39,941	(580)	39,361
Wastewater - treatment plants and facilities	29,488	-	39,955	290	-	31	114	-	(1,875)	586	30,447	(1,875)	28,572
Wastewater - other assets (including reticulation systems)	31,976	-	29,488	5	2	1	-	-	(703)	133	32,115	(703)	31,412
Land	2,751	-	31,976	7	-	-	185	-	-	-	2,943	-	2,943
Buildings	1,945	(136)	2,751	-	-	-	-	-	(71)	-	1,945	(207)	1,738
Assets under construction	2,713	-	1,809	1,950	-	-	(1,904)	-	-	-	2,759	-	2,759
Total infrastructural assets	535,075	(10,644)	2,713	12,474	7	495	-	-	(10,837)	(18,628)	517,925	(10,973)	506,952
Total property, plant and equipment	625,035	(26,848)	598,187	16,559	7	1,174	-	-	(13,721)	(18,982)	610,937	(30,061)	580,876

The 1 July 2016 opening balance and transactions for the 2016/17 year for some operational and restricted assets has been restated from the 30 June 2017 Annual Report to correct some errors identified in the classification of assets between the various assets types.

Core infrastructure asset disclosures

Included within the Council infrastructure assets above are the following core Council assets:

2017/18	Closing book value	Additions: constructed by Council	Additions transferred to Council	Most recent replacement cost estimate for revalued assets.
	\$000	\$000	\$000	\$000
Roading	355,163	7,592	2,398	455,604
Water supply – treatment plants and facilities	12,566	374	-	20,043
Water supply – other assets (including reticulation systems)	38,842	889	351	74,056
Stormwater system	40,448	23	979	56,139
Wastewater – treatment plants and facilities	27,618	1,284	-	40,578
Wastewater – other assets (including reticulation systems)	31,763	13	437	60,234

2016/17	Closing book value	Additions: constructed by Council	Additions transferred to Council	Most recent replacement cost estimate for revalued assets.
	\$000	\$000	\$000	\$000
Roading	346,734	7,521	-	446,322
Water supply – treatment plants and facilities	12,603	3,378	-	20,151
Water supply – other assets (including reticulation systems)	40,830	928	5	77,626
Stormwater system	39,361	-	-	55,188
Wastewater – treatment plants and facilities	28,572	404	-	39,802
Wastewater – other assets (including reticulation systems)	31,412	5	2	59,092

Land under roads

Land under roads was valued using the average land values for the urban and rural areas of the whole district as at 1 July 2001. This is considered to be the fair value of the land. On transition to NZ IFRS Council elected to use the fair value of land under roads as at 1 July 2001 as deemed cost. Subsequent additions are recorded at cost or fair value where cost does not equate to fair value. Land under roads is no longer revalued.

Disposals

The net loss on disposal of property, plant and equipment (\$703,000) has been recognised in the statement of comprehensive revenue and expense under 'other expenses' (2017: \$745,000).

Impairment

There was no impairment of property, plant and equipment this financial year (2017: nil).

Assets under construction

Property, plant and equipment in the course of construction by class of asset is detailed below:

Balance as at 30 June 2017		Balance as at 30 June 2018
\$000		\$000
99	Operational assets	3
1,856	Restricted assets	300
236	Roading	723
1,307	Water supply	1,919
103	Stormwater system	100
974	Wastewater	274
139	Infrastructural buildings	139
4,714	Total assets under construction	3,458

Restrictions

Land and buildings in the "Restricted Asset" category are subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the asset can be used).

Capital commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

2016/17		2017/18
\$000		\$000
5,456	Restricted buildings	-
780	Roading	526
297	Water	804
6,533	Total capital commitments	1,330

14. Intangible assets

Accounting policy

Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with staff training and maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. Computer software is estimated to have a useful life of 1 to 15 years and is amortised at a rate of 6.67% to 100%.

Impairment

Refer to the policy for impairment of property, plant and equipment in Note 13. The same approach applies to the impairment of intangible assets.

Breakdown of intangible assets and further information

Movements in the carrying value for computer software is as follows:

	Opening cost	Opening accumulated amortisation and impairment charges	Opening carrying amount	Current year additions	Current year disposals	Current year impairment charges	Current year amortisation	Closing cost	Closing accumulated amortisation and impairment charges	Closing carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Computer software										
2017/18	2,197	(1,195)	1,002	99	-	-	(251)	2,296	(1,446)	850
2016/17	1,907	(958)	949	290	-	-	(237)	2,197	(1,195)	1,002

Note that disposals in these tables are reported net of accumulated depreciation.

Restrictions

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Capital commitments

There are no capital commitments for intangible assets (2017: nil)

Impairment

There were no assets considered to be impaired in 2018 (2017: nil).

15. Depreciation and amortisation expense by group of activity

2016/17		2017/18
\$000		\$000
	Directly attributable depreciation and amortisation expense by group of activity	
2,185	Community Facilities	2,233
5,989	Roading	5,986
26	Rubbish and Recycling	31
580	Stormwater	594
2,597	Wastewater	2,625
1,649	Water	1,595
2	Community Development	2
9	Environmental Care	8
13,037	Total directly attributable depreciation and amortisation expense by group of activity	13,074
921	Depreciation and amortisation not directly related to groups of activities	944
13,958	Total depreciation and amortisation expense	14,018

16. Payables and deferred revenue

Accounting policy

Short-term creditors and other payables are recorded at their face value.

Breakdown of payables and further information

2016/17		2017/18
\$000		\$000
4,151	Trade payables	3,427
307	Accrued expenses	554
508	Deposits and bonds	740
482	Contract retentions	406
1,283	Revenue in advance	1,348
6,731	Total payables and deferred revenue	6,475
	Total payables and deferred revenue comprise:	
1,795	Payables from non-exchange transactions - this includes bonds and deposits for planning, rates and licenses received in advance, and taxes and grants payable	2,079
4,936	Payables from exchange transactions - this includes amounts owing for commercial purchases of goods and services	4,395

Payables are generally non-interest bearing and are normally settled on 30-day terms. Therefore the carrying value of payables approximates their fair value.

17. Borrowings

Accounting policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and recognised in accrued expenses (Note 16). Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Breakdown of borrowings and further information

2016/17		2017/18
\$000		\$000
5,191	Current loans	8,616
24,616	Non-current loans	19,000
29,807	Total borrowings	27,616

Interest terms for secured loans

The Council's secured loans are mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

Credit facilities

Council has a multi-option credit line facility with Westpac Corporate Business. This provides Council with the ability to fund short term revolving requirements. The facility has a limit of \$6 million (2017: \$6 million) and there is \$6 million available to be drawn at 30 June (2017: \$6 million).

Security

Council has an unsecured overdraft. The maximum amount that can be drawn down against the facility is \$500,000 (2017:\$500,000). There are no restrictions on the use of this facility. Council's loans are secured over either separate or general rates of the Council.

Internal borrowings

Information about internal borrowings is provided in the 'Other Legislative disclosures' section of this Annual Report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximates their fair value.

18. Employee entitlements

Accounting policy

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- The present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liabilities. All other employee entitlements are classified as a non-current liabilities.

2016/17		2017/18
\$000		\$000
	Current employee entitlements	
158	Accrued pay	204
1,087	Annual leave	1,101
48	Sick leave	53
135	Long service leave	130
96	Retirement gratuities	173
1,524	Total current employee entitlements	1,661
	Non-current employee entitlements	
139	Long service leave	138
311	Retirement gratuities	242
450	Total non-current employee entitlements	380

19. Provisions

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs' (see Note 4).

Breakdown of provisions and further information

2016/17		2017/18
\$000		\$000
	Current provisions	
191	Landfill aftercare	191
25	Tui Mine site monitoring	25
216	Total current provisions	216
	Non-current provisions	
448	Landfill aftercare	422
70	Weathertightness and other claims	60
141	Tui Mine site monitoring	120
659	Total non-current provisions	602

Landfill aftercare provision

Council has resource consents for the following landfills, each of which are now closed:

- Morrinsville Landfill, closed 31 May 2000
- Matamata Landfill, closed 8 December 2001
- Te Aroha Landfill, closed 9 December 1998

Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of these closed landfills sites.

The cash outflows for landfill post closure costs are expected to occur over the next 17 years (to 2036). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements.

The following significant assumptions have been made in calculating the provision:

- obligations for the post closure work are for 30 years after landfill closure
- a discount rate of 3.21% (2017: 3.17%).

Weathertightness and other claims

There are no claims lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2018 (2017: Nil).

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the Shadowclad plywood cladding sheets manufactured and distributed by CHH. The MOE's original claim against CHH was for 833 school buildings, 29 of which are located within the Matamata-Piako District.

In 2016, CHH commenced proceedings against 48 Councils, including Matamata-Piako District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

During the current year the Councils sought to strike out CHH's claims against them. The High Court declined the strike out of the claim, but struck out proceedings in relation to 28 school buildings (2 in Matamata-Piako District) built outside the 10 year long stop contained within the Building Act 2004. Further, CHH applied for trial staging, with proceedings to commence in relation to 20 buildings. MoE opposed the application, seeking a trial on the determination of whether Shadowclad is inherently defective. The High Court accepted the MoE proposal. CHH has appealed this decision.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any. However, Council's insurance providers have confirmed cover for this matter and a provision of \$50,000 excess has been made. Provision for other minor claims against Council has been made based on estimated costs and/or insurance excesses of \$10,000 (2017: \$20,000).

Tui Mine site monitoring

Resource consent monitoring conditions require detailed biological and chemical testing of the former Tui Mine site at five yearly intervals for the next 30 years (at an estimated cost of \$25,000 each time). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and discounted using a discount rate of 3.21%. (2017: 3.17%).

Movements for each class of provision are as follows:

	Landfill aftercare costs	Weather tightness/other claims	Tui Mine Site	Hauraki Rail Trail	Total
	\$000	\$000	\$000	\$000	
2017/18					
Balance at 1 July 2017	639	70	166	-	875
Additional provisions made	-	-	-	-	-
Amounts used	(18)	-	(22)	-	(40)
Unused amounts reversed	(24)	(10)	(4)	-	(38)
Discount unwind	16	-	5	-	21
Balance at 30 June 2018	613	60	145	-	818
2016/17					
Balance at 1 July 2016	498	75	157	26	756
Additional provisions made	150	55	-	-	205
Amounts used	(15)	(50)	-	(17)	(82)
Unused amounts reversed	(10)	(10)	4	(9)	(25)
Discount unwind	16	-	5	-	21
Balance at 30 June 2017	639	70	166	-	875

20. Contingencies

Breakdown of contingent liabilities and further information

2016/17		2017/18
\$000		\$000
	Uncalled share capital:	
1	- Waikato Local Authority Shared Services Limited	1
5	- Waikato Regional Aerial Photography Service	5
15	Te Aroha Wastewater resource consent	15
21	Total contingent liabilities	21

Te Aroha wastewater resource consent

Under the resource consent issued by Waikato Regional Council for the Te Aroha Wastewater Treatment Plant during 2016, if Council fails to meet annual nitrate discharge conditions as per the consent, then an annual sum of \$15,000 will be payable to the local Wetlands Trust.

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Fitch Ratings and Standard and Poor's of AA+ and a foreign currency rating of AA.

The LGFA has 30 local authority shareholders and this Council is one of 9 local authority guarantors of the LGFA. Together with the shareholders and other guarantors, Council is a guarantor of all of LGFA's borrowings. At 30 June 2018, the LGFA had borrowings totaling \$8.272 billion plus accrued interest (2017: \$7.946 billion plus accrued interest).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

21. Equity

Accounting policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- **Accumulated funds**
- **Other reserves** - other reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council. Other reserves include:
 - *Council created reserves* - reserves established by Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at Council's discretion.
 - *Restricted reserves* - those reserves subject to specific conditions accepted as binding by Council and which may not be revised without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain conditions are met.
 - *Asset revaluation reserves* - represent unrealised gains on assets owned by Council. The gains are held in the reserve until such time as the gain is realised and a transfer can be made to retained earnings.
 - *Fair value through other comprehensive revenue and expense reserve* - this reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Breakdown of equity and further information

Accumulated funds

2016/17		2017/18
\$000		\$000
	Accumulated funds	
425,742	Balance at 1 July	425,934
(17,099)	Transfers to Council created reserves	(17,410)
(110)	Transfer to restricted reserves	(359)
13,392	Transfer from Council created reserves	15,044
-	Transfer from restricted reserves	669
165	Transfer from revaluation reserves	-
3,844	Surplus/(deficit) for the year	5,958
425,934	Balance at 30 June	429,837

Other reserves

2016/17		2017/18
\$000		\$000
	Council created reserves	
38,918	Balance at 1 July	42,625
(13,392)	Transfers to accumulated funds	(15,044)
17,099	Transfers from accumulated funds	17,410
42,625	Balance at 30 June	44,991
	Restricted reserves	
595	Balance at 1 July	705
-	Transfers to accumulated funds	(669)
110	Transfers from accumulated funds	359
705	Balance at 30 June	394
	Asset revaluation reserves	
120,888	Balance at 1 July	101,907
(18,534)	Net revaluation gains	20,135
(447)	Transfer to accumulated funds on disposal of assets	(190)

2016/17		2017/18
\$000		\$000
-	Impairment charges	-
101,907	Balance at 30 June	121,852
	Fair value through other comprehensive revenue and expense reserve	
-	Balance at 1 July	10,174
10,174	Net revaluation gains	453
10,174	Balance at 30 June	10,627
155,411	Total other reserves	177,864

Information about reserve funds held for a specific purpose is provided as follows:

Council created reserves

Balance 1 July 2016	Transfers in	Transfers out	Balance 30 June 2017	Reserve fund	Purpose	Activities related to	Balance 1 July 2017	Transfers in	Transfers out	Balance 30 June 2018
\$000	\$000	\$000	\$000				\$000	\$000	\$000	
4,792	1,476	(514)	5,754	Community purposes reserve	Funds received and set aside for use on community facilities or for community purposes e.g. grants.	All Council activities	5,754	1,682	(1,420)	6,016
23,895	817	(810)	23,902	Power New Zealand reserve fund	Funds received and set aside on behalf of the community from the dissolution of the local power board co-operative in 1998. The fund is utilised for internal borrowing or external investment, with returns used to subsidise rates.	All Council activities	23,902	837	(828)	23,911
512	701	(534)	679	Wastewater capital contribution reserve	Capital contribution funds received from industry and set aside to offset future depreciation.	Wastewater	679	695	(475)	899
9,335	13,856	(11,415)	11,775	Depreciation reserves	Funds set aside for the replacement of assets and used to fund internal borrowing.	All Council activities	11,775	14,145	(12,305)	13,615
50	50	-	100	Stormwater improvement reserve	Funds set aside to fund stormwater projects.	Stormwater	100	50	-	150
335	200	(120)	415	Te Aroha Wastewater desludging project	Funds set aside for the desludging of the Te Aroha wastewater ponds.	Wastewater	415	-	(16)	399
38,919	17,099	(13,392)	42,625	Total Council created reserves			42,625	17,410	(15,044)	44,991

Restricted reserves

Balance 1 July 2016	Transfers in	Transfers out	Balance 30 June 2017	Reserve fund	Purpose	Activities related to	Balance 1 July 2017	Transfers in	Transfers out	Balance 30 June 2018
\$000	\$000	\$000	\$000				\$000	\$000	\$000	\$000
-	110	-	110	Endowment land sales reserve	Funds set aside in respect of the sale of endowment land in Te Aroha. The proceeds must be used for of improvement of services and public amenities for the benefit of the inhabitants of Te Aroha.	Community Facilities	110	-	-	110
569	-	-	569	Reserves development	Funds set aside from reserves contributions to be used for parks and reserves.	Developments of parks and reserves	569	-	(457)	112

Balance 1 July 2016	Transfers in	Transfers out	Balance 30 June 2017	Reserve fund	Purpose	Activities related to	Balance 1 July 2017	Transfers in	Transfers out	Balance 30 June 2018
-	-	-	-	Youth Ambassadors	Funds set aside for initiatives that empower the youth of our district	Nominated purposes	0	10	(7)	3
26	-	-	26	Bequests and trust funds	Funds set aside to be used for the nominated purpose of the bequest or trust fund.	Nominated purposes	26	0	0	26
-	-	-	-	Waste minimisation	Funds set aside for the purpose of initiatives encouraging the minimisation of waste	Nominated purposes	0	348	(205)	143
595	110	-	705	Total restricted reserves			705	359	(669)	394

Asset revaluation reserves

2016/17		2017/18
\$000		\$000
	Operational assets:	
10,811	Land	17,328
5,774	Buildings	8,528
	Restricted assets	
6,004	Restricted land	8,738
5,242	Restricted buildings	8,354
	Infrastructural assets:	
16,441	Roading	21,124
22,628	Water	20,629
21,431	Stormwater	22,110
13,188	Wastewater	13,820
-	Land	626
388	Buildings	595
101,907	Total asset revaluation reserves	121,852

Capital management

Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act further sets out

the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

Council has the following Council created reserves:

- Reserves for different areas of benefit.
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates.

Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated

22. Related party transactions

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Further transactions with joint ventures and associated entities (such as funding and financing flows), where transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Key management personnel compensation

2016/17		2017/18
	Mayor and Councillors	
12	Full-time equivalent members	12
\$413,484	Remuneration	\$432,257
	Executive Management Team, including the Chief Executive	
4	Full-time equivalent members	4
\$974,654	Remuneration	\$999,819
16	Total full-time equivalent personnel	16
\$1,388,138	Total key management personnel remuneration	\$1,432,076

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors. An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 3.

23. Events after balance date

There were no significant events after balance date.

24. Financial instruments

24A Financial instruments categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

2016/17		2017/18
\$000		\$000
	Financial assets	
	Fair value through surplus or deficit - held for trading	
5	Derivative financial instrument assets	1
5	Total fair value through surplus or deficit – held for trading	1
	Loans and receivables	
2,591	Cash and cash equivalents	3,892
3,555	Receivables	3,854
	Other financial assets:	
18,300	- Term deposits	12,150
86	- Community loans	51
441	- Industry loan	230
340	- Banks Road development loan	347
25,313	Total loans and receivables	20,524
	Held to maturity	
	Other financial assets:	
410	- Local authority and other stock	-
410	Total held to maturity	-
	Fair value through other comprehensive revenue and expense	
24	- Local authority and other stock	-
13,527	- Investments in Council Controlled Organisations and other entities	13,950
13,551	Total fair value through other comprehensive revenue and expense	13,950
	Financial liabilities	
	Fair value through surplus or deficit – held for trading	
1,676	Derivative financial instrument liabilities	1,937
1,676	Total fair value through surplus or deficit – held for trading	1,937
	Financial liabilities at amortised cost	
5,448	Payables	5,127
29,807	Borrowings	27,616
35,255	Total financial liabilities at amortised cost	32,743

24B Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation classes of financial instruments measured at fair value in the statement of financial position:

2017/18				
Valuation techniques				
	Total	Quoted Market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
Financial assets				
Derivative financial instrument assets	1	-	1	-
Investments in Council Controlled Organisations and other entities	13,950	-	440	13,510
Financial liabilities				
Derivative financial instrument liabilities	1,937	-	1,937	-

There were no transfers between the different levels of the fair value hierarchy.

2016/17				
Valuation techniques				
	Total	Quoted Market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
Financial assets				
Derivative financial instrument assets	5	-	5	-
Local authority and other stock	434	434	-	-
Investments in Council Controlled Organisations and other entities	13,527	-	472	13,055
Financial liabilities				
Derivative financial instrument liabilities	1,676	-	1,676	-

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

2016/17		2017/18
\$000		\$000
2,895	Balance at 1 July	13,055
10,182	Gain/(loss) recognised in the surplus or deficit	455
-	Purchases	-
(22)	Sales	-
13,055	Balance at 30 June	13,510

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

24C Financial instrument risks

Council's activities expose it to a variety of financial instrument risks including market risk, credit risk and liquidity risk. Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is not exposed to any significant price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to any significant currency risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose Council to fair value interest rate risk. Council's Liability Management Policy is to maintain not less than 30% of total borrowings in fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates outside of the 30% target.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Generally, the Council raises long term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, the Council invests surplus cash into term deposits and local authority stock which gives rise to credit risk.

Council invests funds only in deposits with registered banks and local authority stock and Council's Investment Policy limits the amount of credit exposure to any one institution or organisation. Investments in other local authorities are secured by charges over rates. Other than other local authorities, Council invests funds only with entities that have a Standard and Poor's credit rating of at least A1 for short term and A for long term investments.

Council holds no collateral or credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

Council's maximum credit risk exposure for each class of financial instrument is as follows:

2016/17		2017/18
\$000		\$000
2,591	Cash and cash equivalents	3,892
3,555	Receivables	3,854
	Other financial assets:	
18,300	- Term deposits	12,150
86	- Community loans	51
441	- Industry loan	230
340	- Banks Road development loan	347
434	- Local authority and other stock	-
5	Derivative financial instrument assets	1
25,752	Total credit risk	20,525

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 20.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

2017/18						
Credit ratings						
	AA-	A+	A	A-	Not Rated	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	3,892	-	-	-	-	3,892
Term deposits	12,150	-	-	-	-	12,150
Derivative financial instrument assets	1	-	-	-	-	1
Community loans	-	-	-	-	51	51
Industry loan	-	-	-	-	230	230
Banks Road development loan	-	-	-	-	347	347

2016/17						
Credit ratings						
	AA-	A+	A	A-	Not Rated	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	2,591	-	-	-	-	2,591
Term deposits	14,800	-	3,500	-	-	18,300
Local authority and other stock	110	300	-	24	-	434
Derivative financial instrument assets	5	-	-	-	-	5
Community loans	-	-	-	-	86	86
Industry loan	-	-	-	-	441	441
Banks Road development loan	-	-	-	-	340	340

The counterparties that are not rated for credit quality (as shown in the tables on the left) have no history of defaults in the past. Receivables mainly arise from Council statutory functions. Therefore there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to receivables, as it has a large number of credit customers, mainly ratepayers, and has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its liquidity by:

- Appropriate cash flow management to ensure that sufficient funds are available to meet all of its obligations as and when they fall due.

- Maintaining appropriate short-term borrowing facilities.
- Maintaining a prudent debt maturity profile.

Contractual maturity analysis of financial liabilities

The following table analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
2017/18					
Payables	5,127	5,127	5,127	-	-
Net settled derivative liabilities	1,937	147	147	-	-
Borrowings	27,616	27,803	8,803	11,000	8,000
Total	34,680	33,077	14,077	11,000	8,000

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
2016/17					
Payables	5,448	5,448	5,448	-	-
Net settled derivative liabilities	1,676	158	158	-	-
Borrowings	29,807	30,016	5,397	15,619	9,000
Total	36,931	35,622	11,003	15,619	9,000

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 20.

Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
2017/18					
Cash and cash equivalents	3,892	3,904	3,904	-	-
Receivables	3,854	3,854	3,854	-	-
Net settled derivative assets	1	-	-	-	-
Other financial assets:					
- Community loans	51	51	51	-	-
- Industry loan	230	237	237	-	-
- Banks Road development loan	347	347	347	-	-
- Term deposits	12,150	12,374	12,374	-	-
Total	20,525	20,767	20,767	-	-

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
2016/17					
Cash and cash equivalents	2,591	2,593	2,593	-	-
Receivables	3,555	3,555	3,555	-	-
Net settled derivative assets	5	-	-	-	-
Other financial assets:					
- Term deposits	18,300	18,720	18,720	-	-
- Community loans	86	91	52	39	-
- Industry loan	441	475	238	237	-
- Banks Road development loan	340	340	340	-	-
- Local authority and other stock	434	445	445	-	-
Total	25,752	26,119	25,843	276	-

Sensitivity analysis

The following table illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument market risk exposures at balance date.

2017/18	\$000			
	-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity
Interest rate risk				
Financial assets				
Cash and cash equivalents	(15)	-	15	-
Financial liabilities				
Borrowings	50	-	(50)	-
Total sensitivity	35	-	(35)	-

2016/17	\$000			
	-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity
Interest rate risk				
Financial assets				
Cash and cash equivalents	(11)	-	11	-
Financial liabilities				
Borrowings	70	-	(70)	-
Total sensitivity	59	-	(59)	-

*bps = basis points. Decrease by 100 basis point = 1% interest rate decrease.

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps.

25. Explanations of major variances against budget

Explanations for major variations from the budget figures in Council's 2017/18 Annual Plan are as follows:

Statement of comprehensive revenue and expense

A key feature reflecting in the financial results was the high level of development activity in the Matamata-Piako District during the year. Morrinsville's Parkwood residential development was a major subdivision completed during the year, as well some smaller developments including Thames Street, Morrinsville and Millar Street, Te Aroha. Revenue related to development activity was significantly higher than budgeted including:

- Land and infrastructure vested in Council through the subdivision process (\$3.966 million greater than budgeted)
- Development and financial contributions (\$1.385 million greater than budgeted)
- Building and resource consent revenue (offset by increased processing costs, resulting in a net revenue of \$419,000).

The roading subsidy received from the New Zealand Transport Agency was \$672,000 higher than budgeted due to the LED streetlighting programme that was approved by the Agency after the Annual Plan budget was finalised.

Council did not complete the full programme of capital work budgeted for the year. Significant projects budgeted for this year included the \$4 million Te Aroha to Matamata Rail Trail project, which was delayed while the route was being confirmed, application for government funding was being prepared, and the property and planning issues were being negotiated. Also a number of reticulation renewal projects (particularly Wastewater \$681,000) have been delayed as obtaining the required resources in the current economic conditions, has proven difficult. Significant projects carried forward from previous years that were again not completed this year include the Matamata water main, additional water source and new reservoir projects (totalling \$1.1 million), and land purchases required for the extension of walkways in Morrinsville and Matamata (\$500,000). There was also the Te Aroha water treatment plant capacity upgrade (\$3.3 million) and Morrinsville stormwater project (\$1.8 million) carried forward that will only progress when industry need for the capacity is formalised. The delay in the capital spend has meant that the level of external borrowing budgeted to fund this capital work was not required, and nor were cash reserves required to be utilised. This resulted in reduced borrowing costs and increased investment income totalling \$796,000.

Personnel costs were \$623,000 lower than budgeted, due to difficulties filling vacant positions and staff taking various forms of unpaid leave. The vacant roles have in some cases resulted in increased operational costs where contractors have been required to fulfil certain roles.

Other significant unbudgeted expenses included;

- \$703,000 recognised in the books as a loss on the disposal of assets that were replaced during the period.
- A decrease in the valuation of Council's interest rate swap portfolio for the year of \$265,000.
- \$199,000 in contributions recognised in the previous year as income for the Silver Fern Farms Events Centre was written off during this financial year.
- \$219,000 of project costs related to the Matamata Civic Centre were incorrectly recognised as capital and have now been expensed on completion of the project.

The fair value of Council's investment in the Waikato Regional Airport Limited increased by \$453,000 for the year to 30 June 2018.

The revaluation of Council's property and infrastructural assets at 1 July 2017, resulted in an increase in values of \$7 million more than had been budgeted, particularly from land and buildings that were last valued in 2014.

Statement of financial position

The delay in the capital work programme and the positive cashflows from the high development activity in the district resulted in cash investments being significantly higher (\$11 million) and external borrowing being significantly lower (\$12.8 million) than budgeted.

Council's investment in the Waikato Regional Airport was last year revalued at fair value (to comply with accounting standards), but not until after the budget was set, resulting in a \$10.2 million increase in the carrying value on the books last year and a fair value movement this year of \$453,000.

Other legislative disclosures

1. Funding impact statement

for the year ended 30 June 2018 for the whole of Council

Annual Plan 2016/17	Actual 2016/17		Annual Plan 2017/18	Actual 2017/18
\$000	\$000		\$000	\$000
		Sources of operating funding		
20,045	20,190	General rates, uniform annual general charges, rates penalties	21,146	21,300
13,453	13,812	Targeted rates	13,031	12,799
2,630	2,763	Subsidies and grants for operating purposes	2,689	2,690
4,666	6,640	Fees and charges	5,211	6,643
758	549	Interest and dividends from investments	257	622
266	261	Local authorities fuel tax, fines, infringement fees, and other receipts	266	283
41,818	44,215	Total operating funding (A)	42,600	44,337
		Applications of operating funding		
29,412	30,482	Payments to staff and suppliers	30,250	32,162
1,759	1,349	Finance costs	1,766	1,335
-	-	Other operating funding applications	-	-
31,171	31,831	Total applications of operating funding (B)	32,016	33,497
10,647	12,384	Surplus/(deficit) of operating funding (A – B)	10,584	10,840
		Sources of capital funding		
3,583	4,597	Subsidies and grants for capital expenditure	3,462	4,141
405	524	Development and financial contributions	405	1,790
7,519	4,820	Increase (decrease) in debt	7,389	(2,191)
-	670	Gross proceeds from sale of assets	-	21
71	77	Lump sum contributions	-	-
-	-	Other dedicated capital funding	-	-
11,578	10,688	Total sources of capital funding (C)	11,256	3,761
		Applications of capital funding		
		Capital expenditure:		
327	120	—to meet additional demand	282	299
10,976	6,298	—to improve the level of service	11,734	9,345
10,922	10,660	—to replace existing assets	10,397	9,457
-	(1,287)	Increase (decrease) in reserves	(573)	1,108
-	7,281	Increase (decrease) of investments	-	(5,608)
22,225	23,072	Total applications of capital funding (D)	21,840	14,601
(10,647)	(12,384)	Surplus (deficit) of capital funding (C – D)	(10,584)	(10,840)
-	-	Funding balance ((A – B) + (C – D))	-	-

The funding impact statements for each group of activities and the overall Council funding impact statement are prepared in compliance with the requirements of clauses 26 and 30, part 3, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive income (in the Financial Statements section), the funding impact statements are not compliant with generally accepted accounting standards (GAAP). The funding impact statement is intended to show in a transparent manner, how all sources of funding received by us are applied. It does not include “non-cash” income that is classified as income in the statement of comprehensive revenue and expense (as required by GAAP) such as assets that are vested to us through the subdivision process, or unrealised gains on assets. The statement of comprehensive revenue and expense also requires “non-cash” expenses such as depreciation, amortisation, and unrealised losses on assets to be reflected, whereas these are excluded from the funding impact statement. The reconciliation following identifies the differences between these statements.

2. Reconciliation between Council's overall funding impact statement and the statement of comprehensive revenue and expense

Actual 2016/17		Annual Plan 2017/18	Actual 2017/18
\$000		\$000	\$000
	Funding sources as shown in the overall Council funding impact statement		
44,215	Total operating funding	42,600	44,337
10,688	Total capital funding	11,256	3,761
	Less capital movements		
4,820	Increase/(decrease) in debt	7,389	(2,191)
670	Gross proceeds from sale of assets	-	21
	Add non-funded income		
7	Vested land and infrastructure from property development	200	4,166
971	Other gains	-	7
530	Income from support activities	436	384
50,921	Total funding sources	47,103	54,825
50,921	Total income as shown in the statement of comprehensive revenue and expense	47,103	54,825
	Application of funding as shown in the overall Council funding impact statement		
31,831	Total applications of operating funding	32,016	33,497
23,072	Total applications of capital funding	21,840	14,601
	Less capital movements		
17,078	Capital expenditure	22,413	19,101
(1,287)	Increase/(decrease) in reserves	(573)	1,108
7,281	Increase/(decrease) in investments	-	(5,608)
	Add non-funded expenditure		
13,958	Depreciation and amortisation	13,953	14,018
766	Other losses	-	968
530	Expenses from support activities	436	384
47,085	Total funding application	46,407	48,867
47,085	Total expenditure as shown in the statement of comprehensive revenue and expense	46,407	48,867

3. Internal borrowing

Internal borrowings are utilised to fund capital projects for various activities instead of obtaining funding from external sources. Interest is charged to the various activities for their internal borrowing at a rate equal the mid-way point between our average borrowing and average investment rates obtained in the prior year. For the year ended 30 June 2018, this rate was 3.76% (2017: 3.66%). Internal borrowings are eliminated on consolidation of activities in the financial statements.

Groups of activities	Opening balance 1 July 2017	Additional funds borrowed 2017/18	Funds repaid 2017/18	Closing balance 30 June 2018	Interest paid 2017/18
		\$000	\$000	\$000	\$000
Community Facilities	9,826	5,704	652	14,878	556
Roading	7,908	1,659	-	9,567	363
Rubbish and Recycling	1,209	-	23	1,186	44
Stormwater	859	-	788	71	3
Wastewater	1,425	-	1,425	-	-
Water	6,471	-	286	6,185	233
Strategy and Engagement	1,149	-	60	1,089	41
Total internal borrowing	28,847	7,363	3,234	32,976	1,240

4. Insurance of assets

The following information relates to the insurance of Council assets as at 30 June:

June 2017		June 2018
\$000		\$000
149,020	The total value of all Council assets covered by insurance contracts	156,108
	The maximum amount to which insured assets are insured:	
15,000	- Fire	15,000
150,000	- Other natural disasters	150,000
-	The total value of all Council assets covered by financial risk sharing arrangements	-
-	Maximum amount available to the Council under financial risk sharing arrangements	-

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, stormwater and wastewater assets, and provide a subsidy towards the restoration of roads.

Involvement in Council controlled organisations and Council organisations

Waikato Regional Airport Limited (WRAL)

WRAL was established in 1989 to operate the airport situated at Rukuhia within Waipa District. The local authority part owners negotiated the purchase of the Crown's former share holding to secure the retention of the airport as a major infrastructural facility, important to the economy of the Waikato.

WRAL is jointly owned by five local authorities: Hamilton City, Waikato District, Waipa District, Otorohanga District and Matamata-Piako District Councils. Matamata-Piako's shareholding is 15.625%.

Performance measure	Target	Actual	Actual outcome
Facilitate Health & Safety meetings every 2 months with representatives from each company department.	Achieve	Achieved	Health and Safety meetings are undertaken on monthly basis.
Zero WorkSafe notifiable accidents/injuries.	Achieve	Achieved	There were no notifiable incidents.
Implement the Group's Health and Safety framework to align with the requirements of the Health and Safety at Work Act 2015 and independently review and audit the system each year.	Achieve	Achieved	An independent audit of the Group's health and safety framework was undertaken. All recommendations were implemented.
To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports.	Achieve	Achieved	The airport continues to meet the Airport Certification Standards.
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events).	Achieve	Achieved	There have no incidences of scheduled flights being operationally impacted by controllable events.
Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan.	Achieve	Achieved	Regular meetings have been facilitated every 4 months.
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.	Achieve	Achieved	A database is maintained of all feedback forms received. Feedback forms are provided to relevant departments and are considered in planning for future improvements and upgrade projects.
Net surplus/(deficit) after tax*	(\$366,000)	(\$36,000)	Result is better than planned due to higher than forecast passenger activity.
Earnings before interest, taxation and depreciation (EBITDA)*	\$2,374,000	\$3,023,000	Result is better than planned due to higher than forecast passenger activity improving earnings.
Net Operating cash flow	\$1,700,000	\$2,760,000	Result is better than planned due to higher than forecast passenger activity improving earnings.
Net Investing cash flow	(\$1,500,000)	(\$4,710,000)	Result reflects the unbudgeted purchase of the Airport Hotel building, but was in line with the Group's property strategy
Funding Titanium Park Limited	0	0	Result is better than planned due to TPL achieving higher than budgeted property sales
Net cash flow (operating and investing)	\$200,000	(\$1,950,000)	Result reflects the unbudgeted purchase of the Airport Hotel building.
Shareholders funds to total assets	76%	79%	The ratio is better than planned due to better than budgeted profitability and increasing property valuations

* Performance measures exclude the effect of land sales (and cost of land sales) and revaluation gains/(losses)

Performance measure	Target	Actual	Actual outcome
Net Debt	\$13,000,000	\$13,145,000	Result reflects unbudgeted purchase of the Airport Hotel building.
Total liability/shareholders' funds (debt/equity ratio)	35:65	26:74	The ratio is better than planned due to better than budgeted profitability and increasing property valuations.
Percentage of non-landing charges revenue*	76%	85%	Result reflects growth in passenger charges being higher relative to other revenue streams
Interest cover*	5.0	6.0	Result is better than planned due to higher than forecast passenger activity improving earnings

* Performance measures exclude the effect of land sales (and cost of land sales) and revaluation gains/(losses)

Waikato Local Authority Shared Services Limited (WLASS)

Local authorities of the Waikato Region have established Local Authority Shared Services Limited as a council controlled organisation by way of a company, in which each local authority in the Waikato Region has a single share.

Matamata-Piako's shareholding is 8.33%.

WLASS has twelve Directors with each director representing a shareholder council. Unless otherwise agreed by the appointing councils each director is the Chief Executive of a local authority. In addition the board may appoint up to three professional directors to supplement the directors' expertise.

Performance measure	Outcome
Implement the recommendations of the Procurement review, as approved by the Board.	Achieved In line with the recommendations: - a procurement specialist has been engaged to assist Councils; and - work has commenced on developing a standard procurement framework, policies, templates and supporting tools which will be applied across Councils.
New suppliers are awarded contracts through a competitive tender process.	Achieved New shared service contracts were procured following competitive tender processes for On-line Driver Assessment and Training Services and Occupational Health Services, and Vehicle Fleet Management and Maintenance (where WLASS agreed to exercise the contract right of renewal).
A minimum of three priority projects for collaboration are identified per annum. If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	Achieved Board approved business cases to: • develop the Waikato Data Portal • execute the digital strategy • transform WLASS into a service delivery agent • establish a new platform for shared valuation data. A single suite of resource consent applications was developed. Regional Infrastructure Technical Specifications relating to the design and construction of infrastructure assets was completed.
The WLASS Contracts Register is maintained and managed.	Achieved Contracts risk register is maintained.
Contracts which are due for renewal are tested for competitiveness and either renegotiated or retendered through a competitive process.	Achieved Throughout the period 18 contracts due for renewal were reviewed and where appropriate renegotiated prior to extension.
The WLASS Board reviews the financial statements quarterly.	Achieved The cash surplus for the period was ~ \$616k, although this is largely a result of revenue being invoiced in advance. The Board received management accounts at each Board meeting.
Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieved Company administration costs were ~ \$54k less than budgeted – 83% of the budgeted amount. Specific line items materially greater than budget were approved by the Board in advance.
The Board shall provide a written report on the business operations and financial position of the WLASS to the shareholders every six months.	Achieved Completed via Half and Full-yearreport prepared and circulated to shareholding Councils.
Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to	Achieved Completed as set out in this annual report.
Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.	Achieved
The Shared Valuation Data Services (SVDS) is available to users at least 99% of normal working hours.	Achieved The SVDS was available 99.84% of business hours during the year.
All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.	N/A There were no capital enhancements during the period.

Performance measure	Outcome
The SVDS Advisory Group meets at least 6-monthly.	Achieved The advisory Group had four scheduled meetings throughout the year. There was an additional meeting in April 2018 to discuss the business case for the SVD S replacement
The SVDS Advisory Group meets at least 6-monthly.	Achieved The advisory Group had four scheduled meetings throughout the year. There was an additional meeting in April 2018 to discuss the business case for the SVD S replacement
Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	Achieved Based on the shareholders' survey undertaken in March 2018, all respondents regarded the advice as either satisfactory or very satisfactory.
The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils	Achieved All respondents regarded the advice as either satisfactory or very satisfactory.
Road Asset Technical Accord (RATA) reports are presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	Achieved Half and full-year reporting presented to Board (half year reporting on 13 April 2018 and final report on 28 September 2018 as part of year end reporting).
Reports include a summary of savings and achievements.	Achieved Reports presented savings to Councils.
Annual Forward Works Programme tours are completed, to provide opportunities for councils' roading staff to share their knowledge and experience. All RATA councils participate in the tour.	Achieved The tours were undertaken in August/September 2017.
Report on tour outcomes prepared by 31 December each year and circulated to stakeholders.	Partially achieved Report on outcomes completed and shared but in January 2018.
Data collection contracts (minimum of two across the region) are managed in accordance with best practice. Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	Achieved The three RATA contracts related to High Speed Data Collection, Condition Rating Surveys and Traffic Counting awarded during the year follow tender process and contract renewals were reviewed and renegotiated. All suppliers are operating in accordance with contract requirements.
Any data issues are identified and resolved, with any incidents reported to stakeholders.	Achieved All performance criteria met with no data issues identified.-
Waikato Regional Transportation Model (WRTM) The WRTM is reliable, well maintained and available to all users. All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	Achieved Stantec (previously the known as the Traffic Design Group) provide to customers under contract to WRTM all modelling reports requested. The WRTM commercial manager oversees this contract and establishes a schedule at the beginning of each financial year. Further, there are meetings held with Stantec every six weeks that review performance plus formal quarterly reporting. During the year 22 reports have been completed.
A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.	Achieved Land use and low population projections included in the model. Half and full-year reporting presented to Board (half year reporting on 13 April 2018 and final report on 28 September 2018 as part of year end reporting).
The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.	Achieved The model has been developed in accordance with an agreed approach with the NZTA, and it has been peer reviewed by an independent traffic modelling consultant. NZTA have received the peer review and have endorsed the model.
WAIKATO BUILDING CONSENT GROUP Provide strategic direction and actively pursue improvements in Building Control across the Waikato region. Internal audits are completed annually for each Group member	Not Achieved Lack of resource has compromised the audit programme. This issue is being addressed as part of the WBCG strategy for FY19.
Group members are provided with a joint quality assurance system that meets statutory compliance.	Achieved QA manual, standard documents and public information on www.Buildwaikato.co.nz has been signed off by IANZ at 6 assessments since 1 July 2017. Only minor changes required.

Performance measure	Outcome
Report at least six monthly to the WLASS Board on the Group's activities.	Achieved Reporting to WLASS Board provided in January 2018 and September 2018 as part of the year end process.
FUTURE PROOF All stakeholders are kept informed about Future Proof's projects and achievements.	Achieved Six monthly reports presented at the December 2017 and July 2018 Board meetings.
SHAREHOLDER SURVEY Shareholders are satisfied with the performance of WLASS. A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	In Progress The survey has been completed although the response rate was low, at 42%. Results are being reported to shareholders as part of this annual report.
REVIEW OF BENEFITS Shareholders are informed of the benefits being provided to shareholding councils by WLASS. Information on the financial and nonfinancial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	Achieved Benefits are set out in the Statement of Intent
The "Collaboration in Action" document, which summarises the achievements of WLASS, is updated and circulated to shareholders by 31 December 2017.	Partially achieved The Collaboration in Action document is complete and included on WLASS's website, with shareholding Council's being notified, although this occurred in the first half of 2018.

Hauraki Rail Trail Charitable Trust

In 2012 Council consulted on whether it should contribute \$500,000 to Hauraki District Council to construct a cycleway from Paeroa to Te Aroha and to underwrite the maintenance of our portion of the cycleway. The community overwhelmingly supported the project and in May 2012 the cycleway (known as the Hauraki Rail Trail) was completed.

The Hauraki Rail Trail Charitable Trust is a charitable trust formed to manage the cycleway. The Trust has been created by Hauraki, Thames-Coromandel and Matamata-Piako District Councils, who can each appoint three trustees. Iwi in the three districts can also appoint one trustee to the Trust. The Trust falls within the definition of a council controlled organisation, however on 14 December 2011 we exempted the Trust from council controlled organisation reporting requirements under the Local Government Act 2002. The exemption must be reviewed every three years and was last reviewed on 08 November 2017.

The Trust's purpose is generally to operate and facilitate the use and enjoyment of the Hauraki Rail Trail. The defined purposes of the Trust include the specific objectives of expanding the Hauraki Rail Trail where possible and maintaining the Hauraki Rail Trail to appropriate standards. The Trust will oversee the operation and maintenance of the Hauraki Rail Trail by a commercial operator. It will also seek funding from charitable organisations (such as gambling trusts) to fund the extension of the Hauraki Rail Trail.

Other companies and organisations

New Zealand Local Government Insurance Corporation

This company's prime objective is to ensure the long term provision of stable and cost effective risk financing products for local government in New Zealand. Council holds 1.09% of the shares in the company with the remaining shares being held by other councils in New Zealand.

Part three: What we do

Community Facilities and Property

What we do

Community Facilities and Property is about providing facilities for sport, recreation and cultural activities, affordable housing for elderly people, buildings, and facilities that enable us to provide a range of services to the community. The activities responsible for this are Carparks and Street Furniture, Cemeteries, Housing and Property Management, Libraries, Parks and Tracks, Pools and Spas, Public Toilets and Recreation Facilities and Heritage.

Why we do these activities

Community Facilities and Property provide a wide range of community facilities like pools, libraries, and events centres, tourist attractions like Firth Tower Museum, Te Aroha Mineral Spas, Hauraki Rail Trail, and Te Aroha i-SITE, open spaces like parks and tracks, through to practical facilities like public toilets, carparks and cemeteries. This activity is also responsible for managing housing for elderly people and Council land and buildings. These activities all help make our community a great place to live and visit.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant negative effects of Community Facilities and Property are identified below, along with how we plan to manage and maintain them.

Significant negative effects of our activities	Council activities								How we have mitigated the effects
	Carparks and street furniture	Cemeteries	Housing and property	Libraries	Parks and tracks	Pools and spas	Public toilets	Recreation facilities and heritage	
The location and design of community facilities could result in anti-social behaviour (such as vandalism, graffiti and bullying).	✓	✓	✓	✓	✓	✓	✓	✓	We continue to consider the CPTED principles when planning and developing new parks and other facilities, including the Silver Fern Farms Events Centre in Te Aroha and the Matamata-Piako Civic and Memorial Centre.
Our community facilities may be under or over used due to their location, size and distribution.	✓	✓	✓	✓	✓	✓	✓	✓	The Open Spaces Strategy 2013 looks at open space provision and the need for additional linkage parks and walkways. Various projects identified in the Strategy have been incorporated in the Long Term Plan 2015-25. In 2017/18 we are continuing with our Track Strategy (adopted 2008) to reflect the vision of the Open Spaces Strategy.
Modifying native ecosystems to maintain/create tracks could cause damage to our natural environment.					✓				In carrying out our track maintenance work we have used methods that cause the least possible damage to the ecosystem e.g. replanting native plants. Our Track Strategy was reviewed in 2016/17. The revised Strategy includes policies around assessing and managing environmental effects.
Health issues could be caused by cemeteries or public toilets if services are not adequately provided.		✓					✓		We have ensured our staff are trained, our facilities are monitored/audited, and a timely response to complaints/customer requests is provided. Some of our busier public toilets are cleaned four times daily to ensure they remain clean and safe to use for our customers and visitors.
The age and design of some housing units, corporate buildings and other facilities may lead to increased maintenance and energy costs.			✓	✓		✓	✓	✓	We have incorporated energy efficient components in the design of the Matmata-Piako Civic and Memorial Centre such as LED lighting and double glazing. We continue to save on energy costs at Swim Zone Matamata since installing a new hot water bore in 2014. We continue to lessen maintenance costs through renewals and proactive maintenance of our housing units.

Carparks and Street Furniture

Carparks and Street Furniture is about providing convenient facilities for locals and visitors. This includes providing parking in our three main towns and street furniture like seats, picnic tables, drinking fountains, signs, bollards to improve safety and public art.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

Capital projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Bulk funds	<p>This funding provides for minor, unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. While Carpark and Street Furniture has an identified budget of \$25,000 the total budget for bulk funds is \$150,000, this is reallocated as needed between the activities in this group.</p> <p>Wairere Falls</p> <p>\$40,000 was allocated from Bulk Funds in 2016-17 towards improving/expanding the Wairere Falls Carpark. Planning is well underway for this project and due to be completed in 2018/19. We have also secured funding from other sources, such as Central Government, to complete this project.</p>	25	41
Total key capital projects		25	41
Total key capital projects (including inflation)		26	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will provide well maintained carparks and street furniture and will address vandalism and graffiti in a timely manner.	90% or more of damage, vandalism and graffiti complaints regarding Council carparks and street furniture will be responded to within the assigned timeframe*.	New measure	57%	46.15%	90% or more Actual 70%	X	<p>Our response rate is measured through our Customer Request Management system</p> <p>To ensure our facilities are safe and maintained to an acceptable standard, we aim to respond to complaints in a timely manner.</p> <p>We received a total of 20 complaints regarding carparks and street furniture for the period 1 July 2017 to 30 June 2018, of these, we responded to 14 complaints within the assigned time frame, giving us a result of 70%. We had one urgent matter that was responded to in the assigned timeframe and meant we achieved 100% on urgent complaints. This complaint was about broken glass in the carpark outside the Silver Fern Farms Events Centre.</p>

*Expected response times		
Complaint type	During work hours (Monday to Friday 7am-4pm)	After hours/weekend/statutory holiday
Safety related - An immediate risk to safety, likely to cause harm to users, (e.g. broken glass, discarded needles, severe structural damage).	2 work hours or less	2 work hours or less, counted from the start of the next working day.
Other (e.g. graffiti, blown light bulb, other minor maintenance issues).	2 working days or less	2 working days or less, counted from the start of the next working day.



Matamata Town centre

Cemeteries

Cemeteries provide spaces for the dignified burial of bodies and interment of ashes, contributing to the social and cultural wellbeing of the community. Our cemeteries provide land for traditional burials as well as areas for ashes burials, ashes interments and memorials.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

Capital projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Bulk funds	This funding provides for minor, unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. While Cemeteries has an identified budget of \$25,000 the total budget for bulk funds is \$150,000, this is reallocated as needed between the activities in this group.	25	-
Te Aroha Cemetery Expansion	We have undertaken planning and scoping for the Te Aroha Cemetery expansion that will take place in 2018/19.	-	9
Total key capital projects		25	9
Total key capital projects (including inflation)		26	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
Cemeteries will be maintained at a high standard.	Percentage of people satisfied/very satisfied with cemeteries, who have visited a Council cemetery in the last year.	90%	88%	91%	80%	✓	We measure this through our Annual Customer Survey. We aim to maintain cemeteries at a standard that satisfies cemetery visitors and shows respect to our deceased. This year's result is similar to previous years with 89% of respondents satisfied/very satisfied with our cemeteries. 48% said they were very satisfied, 41% were satisfied. A further 6% said they were neither satisfied nor dissatisfied and 1% didn't know. 4% of respondents said they were dissatisfied. Reasons given for dissatisfaction included general maintenance and upgrading required.
					Actual		
					89%		



Te Aroha Cemetery

Housing and Property Management

We own and manage a variety of land and buildings including providing elderly persons housing for older people to access affordable and convenient housing in a quiet, maintenance free and supportive living environment. We also provide staff housing to help attract new staff to move to the district. Staff that use staff housing pay market rate rents and any vacant staff houses are rented to members of the public. This activity is also responsible for corporate buildings used to deliver services to the community including Council offices, depots and an animal pound.

We also have 19 community halls, mainly located in rural areas. While we own the halls, the individual halls are operated by hall management committees. There is also a range of land, such as undeveloped reserves and general property, and buildings, such as clubrooms on parks, that we lease to others until we need them.

Our projects from the last twelve months

There were no new capital projects planned in 2017/18. Renewal projects that have been undertaken in the last twelve months are outlined below.

Other projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Elderly persons housing	We maintain a number of elderly persons housing units throughout the district. This activity is self-funding, meaning the revenue gained through rent is used to maintain these units and also complete smaller projects such as installing heat pumps, refurbishment and replacement of bathroom fixtures etc.	-	333
Total projects		-	333
Total projects (including inflation)			

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will provide housing that meets the needs of elderly people.	Percentage of elderly persons housing tenants satisfied/very satisfied with the standard of maintenance and accommodation.	85%	87%	82.6%	80%	✓	This is measured by an annual survey of elderly persons housing tenants undertaken in April each year. We provide elderly persons housing so elderly people can have access to good quality affordable housing. This year 45.21% said they were very satisfied and 35.61% said they were satisfied. 6.85% of tenants said they were dissatisfied with the overall elderly persons housing service. 10.9% of respondents said they were neither satisfied, nor dissatisfied. One respondent (1.36%) provided no feedback on their satisfaction. The main reason for dissatisfaction was concerns about lack of ground maintenance and the poor condition of some of the units.
					Actual		
					80.82%		
We will provide affordable elderly persons housing.	Rent charged for elderly persons housing will be below the market median for the district.	Achieved Rents below median	Achieved Rents at least 10% below median		Rents 10% below market median	✓	This is measured through an audit of our annual accounts and review of annual market median rents as supplied by the ministry of Building, Innovation and Employment. Our policy is to set elderly persons housing rents below the market median for the district to ensure it is affordable. Rent for a one bedroom flat is \$156 (market median is \$180) and \$210 for a two bedroom flat (market median is \$280). This 13.3% and 25% respectively, below market median.
					Actual		
					Rents at least 10% below market median		
Our elderly persons housing will be well utilised.	At least 90% of elderly persons housing will be occupied.	99%		98.73%	95%	✓	This is measured through our internal records of occupancy. High occupancy rates of elderly persons housing will ensure we are providing affordable housing in the district.
					Actual		
					99.5%		

Libraries

Our public libraries have been supplying our communities with library services for over 100 years. While the technology and delivery options may have changed over time, the core roles of the library have remained the same. Our libraries support, and are actively involved in activities such as reading, literacy and information technology for people of all ages, local heritage, providing public space and a community focal point, offering opportunities for lifelong learning, putting people in touch with information and providing an information gateway.



Morrinsville Library Customer

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

Capital projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
RFID and self issue	RFID (Radio Frequency Identification) and self issue provides increased stock management and security, and circulation efficiencies.	100	93
High speed broadband	High speed broadband improvements - Our public internet is provided through the Aotearoa People's Network Kaharoa (APNK).	112	-
Total key capital projects		112	
Total key capital projects (including inflation)		118	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
Our library services will be accessible to the community.	The number of people visiting our libraries.	198,103 visits	186,552 visits	164,055 visits	Maintain 2013/14 benchmark (222,843 visits)	X	This is measured through door count records. Our 2017/18 performance target was to maintain the 2013/14 benchmark of 222,843 visits. With 143,292 visitors for the year we did not reach the target. Physical visits to our three libraries continue to decline. This is consistent with national trends with more and more library users choosing to interact with the library services online. Matamata library visits are lower due to the small temporary space used in the first half of the year whilst the new library was being built. It is noted that visits to the library website have increased (refer below), which indicates people have changed the way they are accessing information from the libraries.
					Actual		
					143,292 visits		
	The number of people accessing library information online.	8,154 visits	16,383 visits	25,051 visits	Maintain 2013/14 benchmark (6,389 visits)	✓	This is measured through website visitor statistics. Our 2017/18 performance target is to maintain the 2013/14 benchmark of 6,389 visits. In 2017/18 we had more than 26,594 visits to the libraries online services. The growth in people accessing our library information online correlates with increased electronic resources including e-books, online newspapers and databases.
					Actual		
					26,594 visits		
Our library resources will support community needs.	The percentage of users who are satisfied/very satisfied with library services.	85%	85%	85%	90% satisfied or very satisfied	✓	This is measured through our Annual Customer Survey. User satisfaction for the library services has increased 5% from 2016/17 to 90% in 2017/18. Target satisfaction was achieved with 58% of respondents being very satisfied, 32% satisfied, 3% neither satisfied nor dissatisfied and 5% of users indicating they were dissatisfied and 2% didn't know. Reasons given for dissatisfaction included a perceived lack of titles available on loan.
					Actual		
					90%		

Parks and Tracks

We provide a variety of parks for the community to use and enjoy for a variety of sport and recreation activities. Playground and skate park facilities provide opportunities for recreation, physical development and social activities for children and young people. Our tracks provide opportunities for walking, cycling and experiencing nature. Many of our tracks are developed and maintained in partnership with volunteer community groups.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

Capital projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Herries Park Playground	In July 2017 we upgraded the playground at Herries park - Te Aroha with new equipment to for a wider age range and improved safety.	-	85
Bulk funds	This funding provides for minor, unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. While Parks and Tracks has an identified budget of \$50,000 this total budget of \$150,000, is reallocated as needed between the activities in this group. Funding has been allocated towards new footpaths in reserves, these have been delayed due to wet weather conditions and will be completed in the 2018-19 Financial Year.	50	-
Total key capital projects		50	85
Total key capital projects (including inflation)		52	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will provide good quality sports field facilities to meet the needs of users.	Percentage of users satisfied/ very satisfied with sports fields.	81%	79%	79%	80% satisfied/very satisfied Actual 79% satisfied/very satisfied	X	This is measured through our Annual Customer Survey. This year's results were the same as last year. 37% said they were very satisfied and 42% were satisfied. 15% said they were neither satisfied nor dissatisfied, and 4% didn't know. 2% said they were dissatisfied and no-one said they were very dissatisfied. Reasons given for dissatisfaction included dog fouling on the fields, facilities under utilised and lack of parking.
We will promote and encourage the community to use our parks and reserves.	Percentage of users satisfied or very satisfied with parks and reserves.	75%	79%	83%	80% satisfied/very satisfied Actual 84% satisfied/very satisfied	✓	This is measured through our Annual Customer Survey. This year's results saw an improvement of 1% compared to last year. 34% were very satisfied and 50% were satisfied. 13% said they were neither satisfied nor dissatisfied. 2% said they were dissatisfied and 1% said they were very dissatisfied. Reasons for dissatisfaction included lack of maintenance, dog fouling and facilities under utilised.
Our public playgrounds will be safe.	Playground safety will be assessed on a regular basis.	Achieved			Inspections will be undertaken once every two weeks, and once every week during school holidays. An external audit will be undertaken annually to evaluate compliance with the relevant New Zealand Standard. Actual Achieved	✓	Be assured your children will be safe when using playgrounds. During the 2017/18 year inspections were undertaken once every two weeks and once every week during school holidays. This is measured through our playground safety audit records. An external playground audit was completed in December 2017 with recommendations for maintenance and renewal work being incorporated into the work programme during the year.

Pools and Spas

Pools and spas contribute to the health and wellbeing of our community by providing opportunities for swimming and relaxation. Te Aroha Mineral Spas are a popular tourist attraction for both domestic and international tourists.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Bulk funds	This funding provides for minor, unplanned works and currently also funds renewals that fall outside the renewal plans /renewal budgets. Potential projects are assessed against criteria before being approved. While Pools and Spas has an identified budget of \$25,000, this total budget of \$150,000 is reallocated as needed between the activities in this group. Examples of bulk funded projects include new drinking fountains at each of our Swim Zones.	25	20
Matamata Outdoor pool refurbishment	Refurbish 25m outdoor pool at Matamata Swimzone	-	371
Total key capital projects		25	391
Total key capital projects (including inflation)		26	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
Our facilities will be safe for facility users and staff.	Four independent audits will be carried out on Swim Zone Te Aroha, Swim Zone Matamata and the Te Aroha Mineral Spas. Two independent audits will be carried out on Swim Zone Morrinsville.	Achieved			Achieved Actual Four independent audits for Swim Zone Matamata, Swim Zone Te Aroha and Te Aroha Mineral Spas. Two independent audits for Swim Zone Morrinsville.	✓	This is measured through records of quarterly external audits. Professional pool operation and management ensures people's safety will not be put at risk while using our pools. Audits on our pools and spas were completed in September and December 2017 and March, June 2018. The audit reports identified that some areas within the facilities require maintenance and need to be cleaned. This has been incorporated into the work programme and the renewal planning for future years.
We will provide well maintained aquatic facilities in the district.	Percentage of customers satisfied/very satisfied with pool facilities that have used them in the last year.	75%	74%	70%	80% Actual 87%	✓	This is measured through our Annual Customer Survey. This year's results saw an improvement of 17% when compared to 2017/18. 49% of respondents were very satisfied and 38% were satisfied. A further 10% said they were neither satisfied nor dissatisfied, and 1% didn't know. 1% said they were dissatisfied and a further 1% said they were very dissatisfied. Reasons for dissatisfaction included requests for upgrading facilities, comments about costs and restricted opening hours.
We will promote and encourage our community to use aquatic facilities.	The number of customers using our pool facilities will be maintained.	124,824	145,363	169,780	Visitor numbers will be within 5% of the five year average Actual 176,466	✓	Measured by attendance records, each visit is counted as one and the figures do not differentiate between residents and out of district visitors. The target for 2017/18 is visitor numbers will be within 5% of the five year average. The five year average was 133,651 visitors. During the year we had 176,466 visitors to our pool facilities, which exceeds our target.



Te Aroha Mineral Spas

Public Toilets

Our public toilets provide residents and visitors access to safe, clean and convenient toilet facilities.

Our projects from the last twelve months

There were no major projects planned for the Public Toilets activity plan in 2017/18.

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
Our public toilets will be maintained to acceptable standards.	Through the number of complaints received regarding dissatisfaction with the cleanliness of public toilets.	New measure	22 complaints	34 complaints	20 or less complaints about cleanliness per year	X	<p>Our public toilets will be maintained to ensure the health and wellbeing of our community is not negatively affected. This is measured through the number of complaints about cleanliness reported via our Customer Request Management System.</p> <p>We received 36 complaints regarding the cleanliness of public toilets during 2017/18.</p> <p>A large proportion of complaints are related to the Waharoa rest area toilets. These toilets are cleaned twice daily and in 2018/19 will be cleaned three times daily. We are continuing to monitor this facility. We have allocated \$200,000 to replace/renew the Waharoa toilets in 2019/20. The new toilets will be better able to cope with visitor numbers, easier to maintain, vandal-resistant, more aesthetically pleasing, and able to be relocated if demand changes in the future.</p>
					Actual		
					36 complaints about cleanliness		



Matamata Public Toilets

Recreation Facilities and Heritage

Recreation Facilities and Heritage is about recreation opportunities as well as promoting and preserving our cultural heritage and encouraging tourists to our district. Our recreation facilities include an aerodrome, campgrounds, event centres, museums, heritage buildings and information centres.



Matamata-Piako Civic and Memorial Centre

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

Capital projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Matamata-Piako Civic and Memorial Centre	The Matamata-Piako Civic and Memorial Centre serves the whole district. The facility was opened in April 2018, it houses a Memorial Hall as well as Council's Matamata Area Office and Library. This project was budgeted over multiple years and the overall project came within budget.	2,000	5,580
Bulk funds	This funding provides for minor, unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. While each activity under Community Facilities and Property has a budget identified, this total budget of \$150,000 is reallocated as needed between the activities in this group. \$50,000 was allocated against this activity under the Long Term Plan.	50	-
Headon Stadium	Planning is underway for the Headon Stadium renewal and maintenance project.	-	39
Total key capital projects		2,050	5,619
Total key capital projects (including inflation)		2,147	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will provide well maintained recreation and heritage facilities and will address damage, vandalism and graffiti in a timely manner.	90% or more of damage, vandalism and graffiti complaints regarding recreation and heritage facilities will be responded to within the assigned timeframe.	New measure	57%	90%	90% or more	X	Our response rate was measured from our Customer Request Management system. We received a total of six complaints about damage to our Recreation and Heritage facilities in 2017/18. 5 (83%) of these complaints were responded to within the adopted timeframe. Three of the six complaints were related to graffiti at Headon Stadium in Pohlen Park. We also recieved one urgent complaint relating to broken glass at the AR Johns Grandstand, toilet block and changing shed. This was attended to within timeframe. We have attended 100% of urgent complaints within the adopted timeframes.
					Actual		
					83%		

Complaint type - Expected response times	During work hours (Monday to Friday 7am-4pm)	After hours/weekend/statutory Holiday
Safety related - An immediate risk to safety, likely to cause harm to users, (e.g. broken glass, discarded needles, severe structural damage).	2 work hours or less	2 work hours or less, counted from the start of the next working day.
Other - (e.g. graffiti, blown light bulb, other minor maintenance issues).	2 working days or less	2 working days or less, counted from the start of the next working day.

Community Facilities and Property

Funding impact statement for the year ended 30 June 2018

Long Term Plan budget 2016/17	Actual 2016/17		Long Term Plan budget 2017/18	Actual 2017/18	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
8,191	8,043	General rates, uniform annual general charges, rates penalties	8,527	8,263	The LTP included a forecast for inflation that did not eventuate to the extent budgeted.
61	99	Targeted rates	63	97	A number of Hall Committees requested increases to the targeted rates for specific projects planned for their rural halls.
-	4	Subsidies and grants for operating purposes	-	4	
2,722	3,377	Fees and charges	2,762	2,984	The major increase in fees in charges was from increased rents from the Elderly Persons Housing units. There was also an increase in activity at the Te Aroha Mineral Spas, the Silver Fern Farms Events Centre, the Waharoa Aerodrome and Firth Tower.
134	227	Internal charges and overheads recovered	136	159	Internal interest allocated to this activity was higher than budgeted due to a higher surplus of funds available for internal borrowing.
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
11,108	11,750	Total operating funding (A)	11,488	11,507	
Applications of operating funding					
6,840	7,285	Payments to staff and suppliers	7,010	7,858	Additional asset management work was undertaken compared to budget including a parks safety audit and an options report commissioned on Matamata's Headon Stadium. Weather events caused additional costs compared to budget - safety concerns in Hetana Street where extra tree work was required, extra maintenance was required on the bike track in Te Aroha, and the removal of old vegetation at Herries Park. The Waihou rugby ground required re-soiling and reseeding prior to the rugby season to provide a safe playing field. In addition, a higher cost was recognised for staff time involved in the maintenance of Community Facilities compared to that budgeted. Council forgave the remaining \$199,000 donation owing from the Te Aroha Events Centre Charitable Trust which has been expensed this year. \$219,000 of project costs related to the Matamata Civic Centre were incorrectly recognised as capital and have now been expensed on completion of the project.
417	344	Finance costs	458	171	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), reducing overall finance costs.
1,770	1,714	Internal charges and overheads applied	1,866	2,052	Internal interest charges allocated to this activity were higher than budgeted, but offset by lower external finance costs as cash was available internally to meet capital funding requirements. Overhead costs for this activity are higher than budgeted due to the increase in operating costs on which the overheads are allocated.
-	-	Other operating funding applications	-	-	
9,027	9,343	Total applications of operating funding (B)	9,334	10,081	
2,801	2,407	Surplus (deficit) of operating funding (A – B)	2,154	1,426	
Sources of capital funding					
-	1,102	Subsidies and grants for capital expenditure		-	
56	78	Development and financial contributions	58	206	The level of development contributions received was significantly higher than budgeted. The major development contributions received this year were from Parkwood MV Limited for the Morrinsville residential subdivision. There were also contributions received in respect of the Miller Street, Te Aroha and Thames Street, Morrinsville subdivisions.
1,378	(552)	Increase (decrease) in debt	478	6,173	Debt raised in respect of the Matamata Civic Centre project, which was completed during 2017/18 was originally budgeted to be raised in prior years.
-	501	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
1,434	1,129	Total sources of capital funding (C)	536	6,379	
Applications of capital funding					
Capital expenditure					
195	120	—to meet additional demand	157	213	The timing of the Matamata Civic Centre project was delayed from that set out in the LTP.
2,203	2,091	—to improve the level of service	2,239	6,455	
1,104	1,252	—to replace existing assets	847	1,137	
13	-	Increase (decrease) in reserves	(553)	-	
-	73	Increase (decrease) of investments	-	-	
3,515	3,536	Total applications of capital funding (D)	2,690	7,805	
(2,801)	(2,407)	Surplus (deficit) of capital funding (C – D)	(2,154)	(1,426)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

Strategy and Engagement

What we do

Strategy and Engagement is about making good decisions for the future of our community. The activities responsible for this are Civil Defence, Communications and Events, Community Leadership, and Strategies and Plans.

Why we do these activities

These activities ensure our community are informed of Council activities and can be involved in open and transparent decision making. This helps us plan for the long term to ensure that our communities grow and develop in an integrated and sustainable way. The Local Government Act 2002 also has a significant impact on these activities, as it sets a number of legislative requirements that we must meet.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant negative effects of Strategy and Engagement are identified below, along with how we plan to manage and maintain them.



Significant negative effects of our activities	Council activities				How we have mitigated the effects
	Civil Defence	Communications and Events	Community Leadership	Strategies and Plans	
Our communications and opportunities for engagement may not reach the whole community, including Iwi.	✓	✓	✓	✓	We use a variety of communication channels to communicate with the community, ensuring the methods chosen are appropriate for the target audience/s. We prepare a communications plan to ensure appropriate forms of communication and engagement are used. We engage with Te Manawhenua Forum mo Matamata-Piako and post-treaty settlement Iwi entities to understand consultation needs. We have worked with the Forum on the development of Tangata Whenua Engagement, Guidelines and Kaitiaki/Cultural Monitoring Protocols to assist with Council's communication with Iwi.
A risk of negative impacts on the community, the environment and development if our planning documents are inadequate or fail to meet statutory requirements.	✓			✓	We continue to review and monitor our plans to ensure they meet the needs of our community. We are committed to undertaking a rolling review of our District Plan, please refer to the Strategies and Plan activity for more details on these plan changes.
Potential failure to build and maintain Council/community relationships that can contribute to community wellbeing and strong strategies and plans.	✓	✓	✓	✓	We continue to work with and support community organisations that share Council and community goals. When we invite feedback on various plans and strategies we ensure community groups likely to be impacted by these are engaged in the process through our communications planning.
The community could be put at risk by poor emergency planning.	✓				We are prepared for emergencies through community education, response planning and having staff trained to support an emergency response. Please refer to the Civil Defence activity for more details on our activities.

Did you know?

Council has allocated funding to a number of organisations in our District that work to enrich and provide services to our Community, such as, operating the i-site buildings, street cleaning and maintenance as well as bringing events to the District such as, the annual Morrinsville Fireworks Extravaganza, the herd of cows project and the Matamata Christmas Parade, which all help to make Matamata-Piako District a great place to live.

Organisation	How the funding is used	2017/18
		Amount granted
Hamilton and Waikato Tourism	Promotes our District as a leading tourist destination.	\$150,000
Matamata Public Relations Association	Promotes business, enhances economic and community development while serving as a champion for improving the overall quality of life in the region.	\$50,000
Morrinsville Chamber of Commerce	Promotes business, enhances economic and community development while serving as a champion for improving the overall quality of life in the region.	\$70,000
Morrinsville Art Gallery Charitable Trust	Operates the Wallace Gallery in Morrinsville.	\$20,000
Sport Waikato	Provides sport programmes and supports sports in the Waikato Region.	\$70,000

Civil Defence

Civil Defence Emergency Management (CDEM) is a function and responsibility of regional, city and district councils. Our Civil Defence role includes community, organisational and business readiness, including public education and awareness, training and exercises and local response planning. We are part of the Waikato CDEM Group, which includes the Waikato Regional Council and all 10 district/city councils, as well as emergency services, welfare agencies and utility providers. This group works closely with research institutions, utility operators and central government to reduce risks and improve community resilience. We're also part of the Thames Valley emergency operating area, which provides Civil Defence services locally.

Our projects from the last twelve months

Running emergency exercises and the regular review of our local and regional plans are the core of this activity. A Disaster Recovery Plan has been developed for our district.

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will be prepared to assist the community in the event of an emergency.	We will have sufficient trained staff within the Thames Valley Emergency Management Operating Area.	24%	35%	36%	70%	X	<p>We need to have the right staff with the right qualifications to respond to a civil defence emergency in the Thames Valley civil defence area. Those positions include the controller, intelligence officers and several other essential roles. We aim to ensure a minimum percentage of those positions are filled (taking staff turnover into account). This is measured through our internal records.</p> <p>The national training framework for Civil Defence is still being developed and is programmed to occur over the next two years. Once these are available we will ensure we have appropriately trained staff.</p> <p>As of 30 June 2018 we have only reached 42% of the positions filled with appropriately trained staff. The remaining courses are still being developed nationally.</p> <p>We provide information to our community on emergency readiness via our website and facebook.</p>
					Actual		
					42%		



Civil Defence Emergency Pack

Communications and Events

Communications and Events is responsible for keeping the community informed and actively encouraging people to engage with Council. This involves developing plans and materials to engage with the community, monitoring social trends such as social media, online services and mobility, and implementing improvements to make it easier for customers to do business with us or participate in our processes. Communications and Events also organise events that contribute to a sense of community such as ANZAC Day ceremonies and the Community Volunteer morning tea and economic development activities such as the Business Night Out and Industry Training Graduation.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

Projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Increase transactions/ services that are available online	Allowing people to access, apply, pay and track different Council services online (such as resource consents, dog registrations and rates. See comments below under the levels of service table.	75	-
Events	This year we have held the Business Night Out, Volunteer morning tea, Industry training graduation, Anzac Day ceremonies	28	31
Total key operational projects		103	31
Total key operational projects (including inflation)		108	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will hold events to recognise volunteering and cultural significance in our community and contribute to economic development.	We will hold one function annually to recognise volunteers, ANZAC Day commemorations and two functions to contribute to economic development.	Business Night Out ANZAC Day Industry Training Graduation Community Volunteer Awards			We will hold one function annually to recognise volunteers, ANZAC Day commemorations and two functions to contribute to economic development.	✓	<p>A volunteer evening was held on 21 June at Kaimai Cheese to recognise and thank the groups and individuals who volunteer in our community. Volunteers are the heart of any caring community and many services could not exist without these individuals and groups who freely give of their time and expertise.</p> <p>ANZAC Day Civic ceremonies were held in Matamata, Morrinsville, Te Aroha and Walton on 25 April. These ceremonies give the community a chance to remember and pay their respects to those who served our country.</p> <p>The Business Night Out was held on 12 October, 2017 at the Silver Fern Farms Event Centre in Te Aroha to celebrate business success in our community. Guests were entertained by keynote speaker Martin Sneddon. This event was sponsored by Hobbiton Movie Set and Fonterra (major sponsors), and Bayleys and Gull (award sponsors).</p> <p>The Industry Training Graduation was held at Power Farming on 27 April to celebrate the success of those who have chosen to complete a qualification through and Industry Training Organisation, and to thank the employers who have supported them through these qualifications.</p> <p>In addition to these events, a workshop was held on 12 June at the Matamata-Piako Civic and Memorial Centre for business opportunities associated with the Te Aroha to Matamata Hauraki Rail Trail extension. The Volunteer Youth Ambassadors coordinated their first Youth Volunteer Awards on 30 November 2017.</p>
					Actual		
We will continue developing online services so residents and ratepayers can access information and interact with Council at any time, from anywhere.	The number of transactions/ services that can be completed electronically will increase each year.	New measure	Recruitment system Service kiosk	Ticket system purchase gift vouchers	One new transaction/ service per year	✓	<p>This is measured through our internal records.</p> <p>The ability for customers to purchase rubbish bags and recycling bins online was added to the MPDC website ahead of changes to how Council supplies rubbish bags to residents and ratepayers.</p> <p>Council also began live streaming events to Facebook to improve community access to information. Examples include live streaming a walk through of the Matamata-Piako Civic and Memorial Centre during the construction, and a meeting between Mayor Jan, Councillor Ash Tanner and Waikato Police Superintendent Bruce Bird about crime issues in Te Aroha.</p>
					Actual		
					Purchase rubbish bags & recycling bins online Livestreaming events		

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will make Council information easy for people to find and access.	Percentage of residents who are satisfied with ease of access to Council information.	New measure	61% (bench mark)	63%	2% improvement on benchmark	✓	This is measured through our Annual Customer Survey. 19% of respondents said they were very satisfied and 46% were satisfied. A further 22% were neither satisfied nor dissatisfied and 6% didn't know. 6% were dissatisfied and 1% very dissatisfied. Reasons given for dissatisfaction included comments about lack of ready access to information, timeliness of response, have to find information yourself and generally unhappy.
					Actual		
					65%		

Community Leadership

Community Leadership is responsible for involving the community in decision making. Communities elect members to represent them and to make decisions on their behalf. This involves providing leadership for the community as a whole and involving people in decision making processes.

Our projects from the last twelve months

There have been no key projects undertaken in the last twelve months, the key project of this activity will be the elections to be held October 2019.

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2015/16	2016/17	2017/18	2018/19	Achieved	Additional information
		Actual			Target		
People will have confidence in their local elected members.	Percentage of the community satisfied/ very satisfied with the performance of Councillors and Mayor.	63%	65%	68%	75% or more satisfied	X	This is measured by the Annual Customer Survey. In 2018 70% of survey respondents were either very satisfied or satisfied (17% and 53%). A further 18% were neither satisfied nor dissatisfied and 7% didn't know. 3% said they were dissatisfied and 2% said they were very dissatisfied with the performance of elected members. The main reason given for dissatisfaction was about lack of communication, action and consultation.
					Actual		
					70%		
	Council and committee meetings are heard in accordance with the provisions of the Local Government Official Information and Meetings Act 1987.	100% compliance	100% compliance	✓	To enable the democratic process the community needs to know when, where and how decisions are being made. This is measured through our internal records.		
			Actual				
			100%				
Council will involve Tangata Whenua with Mana Whenua status in the decision making process.	Percentage of Te Manawhenua Forum members satisfied/ very satisfied that Tangata Whenua with Mana Whenua are recognised and involved in decision making.	77%	64%	65%	75% or more satisfied	X	By involving Tangata Whenua with manawhenua status in the decision making process, we can ensure that we are making informed and representative decisions on behalf of the community. This is measured by an annual satisfaction survey of Te Manawhenua mo Matamata-Piako Forum members. This years results were down from 2016/17. Only one comment about dissatisfaction was received from three members. This comment said they felt they received the decisions after the fact so don't feel involved in the decision.
					Actual		
					56%		



Strategies and Plans

There are four key documents that are developed under the Strategy and Plans activity. Involving the community in decision making:

- The Long Term Plan
- The Annual Plan
- The Annual Report
- The District Plan

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

Projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Long Term Plan	We review our 10 year strategic plan every three year. To lessen the impact on rates we have smoothed the budget for this project over three years.	45	50
Annual Plan	Under the Local Government Act 2002, we are required to prepare and adopt an Annual Plan in the years we do not adopt a Long Term Plan. The Annual Plan lets the community know what projects we plan on undertaking and sets the budget for that financial year.	-	2
Annual Report	Under the Local Government Act 2002, we are required to prepare and adopt an Annual Report each financial year. The Annual Report lets the community know what projects we have undertaken and how we have performed against our key performance targets and budgets.	15	9
Policy and Bylaws	Council reviewed a number of policies in the 2017/18 year including the Easter Trading Policy, Development Contributions Policy and Rates Remission and Postponement Policies.	22	27
Regional collaboration	The development of a Waikato Plan has been underway since May 2013. The aim of the Waikato Plan is to take a 'one Waikato' view about the future of the region to enable informed decision making. The primary objective for the plan is 'To contribute to the Waikato's social, economic, environmental, and cultural wellbeing through a comprehensive and effective long-term (30 year) strategy for Waikato's growth and development.'	50	71
District Plan review	We are required to commence a review on the provisions in our District Plan no later than 10 years after they become operative. We have decided to undertake a rolling review, which means that parts of the plan will be reviewed each year. The Matamata-Piako District Plan became operative in July 2005 so, in order to meet the 10 year statutory timeframe, we have commenced a review of each of the 39 plan changes required. These plan changes have been completed or will be over the coming years.	200	115
Regional RMA policy	To ensure that Council played an active role in the development of the Proposed Waikato Regional Policy Statement (RPS), we engaged with five other councils - Hauraki, South Waikato, Thames-Coromandel, Waitomo and Otorohanga to become the Joint Working Party (JWP). Elected representatives of the six councils made up the JWP with the support of staff from each council.	50	-
Total key operational projects		381	274
Total key operational projects (including inflation)		399	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
Our community will have the opportunity to participate in Council consultation processes.	Percentage of the community satisfied/very satisfied that they have been provided with an opportunity to be involved in consultation processes.	New measure	52% (benchmark)	49%	Benchmark 52%	✓	This is measured through our Annual Customer Survey. This year's results saw a 7% increase when compared to 2017. 13% were very satisfied and 43% were satisfied. 28% of respondents said neither satisfied nor dissatisfied and 11% don't know. 4% said they were dissatisfied and 1% were very dissatisfied. The main reason for dissatisfaction was a perceived lack of consultation with the public.
					Actual		
					56%		
We will provide an annual update on progress on land use and development, and the protection of natural and physical resources of the district.	State of the environment monitoring reports will be updated on Council's website each year.	20 November	20 November	18 November	The updated report will be available by 20 November each year	✓	The State of Environment Report 2016/17 was published on our website 16 November 2017 Monitoring and reporting on the state of our environment allows us to identify if we are achieving our objectives to protect the environment and highlights any issues that need to be addressed during District Plan reviews. We update results of this monitoring onto our website annually. We also report on trends that we identify through our monitoring in the Annual Report.
					Actual		
					16 November 2017		

Strategy and Engagement

Funding impact statement for the year ended 30 June 2018

Long Term Plan budget 2016/17	Actual 2016/17		Long Term Plan budget 2017/18	Actual 2017/18	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		\$000	\$000	
Sources of operating funding					
3,948	3,967	General rates, uniform annual general charges, rates penalties	4,024	4,280	Rates penalties received for the year are credited to this activity, and are not budgeted for.
-	-	Targeted rates	-	-	
-	13	Subsidies and grants for operating purposes	-	-	
148	372	Fees and charges	148	590	Income from Council-wide investments allocated to this activity is higher than budgeted as the delay in capital projects has resulted in a higher level of cash investments being held during the year.
608	445	Internal charges and overheads recovered	774	454	Internal interest allocated to this activity was lower than budgeted due to a reduced surplus of funds available for internal borrowing.
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
4,704	4,797	Total operating funding (A)	4,946	5,324	
Applications of operating funding					
2,507	2,508	Payments to staff and suppliers	2,521	2,576	The Rural Fire activity moved from the control of Council to Central Government following legislation from July 2017.
35	24	Finance costs	44	-	The opening balance of debt is lower than budgeted in the LTP due to the delay in capital spending.
1,341	1,349	Internal charges and overheads applied	1,399	1,500	Internal interest charges allocated to this activity were higher than budgeted, but offset by lower external finance costs as cash was available internally to meet capital funding requirements. Overhead costs for this activity are higher than budgeted due to the increase in operating costs on which the overheads are allocated.
-	-	Other operating funding applications	-	-	
3,883	3,881	Total applications of operating funding (B)	3,964	4,076	
821	916	Surplus (deficit) of operating funding (A – B)	982	1,248	
Sources of capital funding-					
-	-	-Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
59	4,866	Increase (decrease) in debt	148	(5,753)	A \$5 million loan matured in December 2017 and due to available cash, was not required to be refinanced as budgeted.
-	169	Gross proceeds from sale of assets	-	21	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
59	5,035	Total sources of capital funding (C)	148	(5,732)	
Applications of capital funding					
		Capital expenditure			
-	-	—to meet additional demand	-	-	
-	-	—to improve the level of service	-	-	
1,020	1,136	—to replace existing assets	1,409	694	Budgeted plant and IT equipment purchases have not happened and a planned upgrade of Council's telephone system will happen in the next financial year.
(140)	(1,870)	Increase (decrease) in reserves	(279)	214	
-	6,685	Increase (decrease) of investments	-	(5,392)	Available cash investments were utilised to repay a \$5 million loan that matured in December 2017.
880	5,951	Total applications of capital funding (D)	1,130	(4,484)	
(821)	(916)	Surplus (deficit) of capital funding (C – D)	(982)	(1,248)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

Roading

What we do

We own and maintain 998 kilometres of local roads within the district, including 946km of sealed and 52km of unsealed roads. This is all the roads in the district except for state highways, Broadway and Firth Street in Matamata, Allen Street in Morrinsville and Whitaker/Kenrick Streets in Te Aroha, which are managed by the New Zealand Transport Agency.

Why we do these activities

The roading network links areas and connects people with each other and essential services, enables businesses to access resources/markets and provides people with social, cultural, recreational and employment opportunities.

We plan to continue to own, control and manage our entire roading network as one of our core activities. As a result our first priority is to maintain, operate and protect the existing roading network.



Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant negative effects of Roding are identified below, along with how we plan to manage and maintain them.

Significant negative effects of our activities	How we have mitigated the effects
Roding development can impact on culturally significant and productive land.	We track and record all the consultation procedures and results for each affected Maori/Iwi for all projects outside the existing road reserve. We will comply with the requirements of the Resource Management Act 1991.
Road and environment factors can contribute to crashes (particularly those that involve loss of control) and cause a number of people to be killed or injured on roads each year.	The New Zealand Transport Agency monitors and records through the Crash Analysis System the percentage of accidents caused by loss of control and the percentage of all road related deaths and injuries. We will undertake crash reduction studies and route security projects and maximise funding for minor improvement works to help reduce road accidents in our district.
The particular needs of pedestrians and cyclists can conflict with other forms of traffic.	We have implemented a number of the recommendations of our Walking and Cycling Strategy. These are designed to promote environment for pedestrians and cyclists.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

Capital projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Te Aroha - Matamata Cycleway extension	Extending an existing tourist attraction to help encourage visitors to stay in the district. This will also help promote cycling. This project has been funded over multiple years. Planning for this project is well underway and physical work is scheduled to occur in 2018/19.	2,000	156
Minor improvements	A mixture of safety improvements, traffic calming measures, guard railing, improvement to sight visibility etc.	659	860
Seal widening	Widening of existing roads to meet district plan requirement for road width.	160	91
New kerb and channel	Extending the existing footpath to network in our urban areas	55	12
New footpath	Extending the existing footpath network in our urban areas	55	
New street lighting	Extend and upgrade our existing street lighting in our urban areas	160	153
LED project	Change our existing street lights to LED lights for energy efficiency (this project is funded 15% by Council and 85% by NZTA).	-	663
Total key capital projects		3,089	1,953
Total key capital projects (Including inflation)		3,235	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will provide an accessible and affordable transport network throughout the district.	Percentage of customers who believe that the roading network is well maintained for the long term.	New measure	61%	59%	75%	X	This is measured by the Annual Customer Survey. This year's results saw an increase of 4% satisfaction when compared to 2017 13% of respondents were very satisfied and 50% were satisfied. A further 26% were neither satisfied nor dissatisfied. 8% were dissatisfied and 3% were very dissatisfied. Reasons given for dissatisfaction included lack of maintenance, general condition of some of the roads and trucks on the road.
					Actual		
					63%		
We will provide a roading network that is safe for all users.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, (expressed as a number).*	New measure	Increase of 12 serious or fatal crashes from previous year (2015/16 - 18 fatal or serious crashes, 2014/15 - 6 fatal or serious crashes)	Increase of 6 serious or fatal crashes from previous year (2016/17 - 24 fatal or serious crashes - confirmed by New Zealand Transport Agency (NZTA).	Two less crashes from the previous year that are serious or fatal on Council roads (2017/18 - 21 or less fatal or serious crashes)	✓	Our target for 2017/18 was 21 or less serious or fatal crashes. There were 19 serious or fatal crashes on our local road network in 2017/18. This is a decrease of five serious or fatal crashes from the previous year. 2017/18 actual is based on interim data available from NZ Transport Agency Crash Analysis System (CAS) up to 30 June 2018, data is not confirmed until late 2018. 2016/17 actual has been updated with the confirmed final figure of 24.
					Actual		
					Decrease of 5 serious or fatal crashes from 2016/17. There were 19 fatal or serious crashes in 2017/18 - based off of crash analysis system (CAS) interim data.		
We will provide a roading network that is maintained and developed to provide smoothness and comfort.	The average quality of ride on our sealed local road network, measured by smooth travel exposure.*	New measure	98%	Survey not conducted	97% or more	✓	This is measured by a smooth travel exposure analysis that is conducted every two years. Survey was completed in July 2017 with a result of 99.3%. The survey will next be undertaken in 2019/20. Well maintained roads and footpaths provide smoothness and comfort.
					Actual		
					99.3%		
	The percentage of the sealed local road network that is resurfaced.*	New measure	9.52%	8.7%	8.5% or more	✓	This is measured by our internal records. We have 946.4km of sealed roads in our local road network. Of these, 94.2km (9.95%) has been resurfaced in 2017/18. This is an increase of 1.3% on last year.
					Actual		
					9.95%		
	The percentage of footpaths within our district that fall within the level of service or service standard for the condition of footpaths that is set out in our relevant documents (such as our annual plan, activity management plan, asset management plan, annual works program or long term plan).*	New measure	Not measured	99%	95% or more within the acceptable level of service	✓	This is measured by an assessment of our footpaths. Footpaths are given a grade from 1 (excellent condition) to 5 (very poor condition). Ratings 1 to 3 (excellent to fair) are considered to fall within the acceptable level of service. The level of service standard set by Council is that 95% of footpaths shall be grade 1 to grade 3. Our most recent assessment was completed in June 2017, this is completed every two years and the next survey is scheduled for June 2019.
					Actual		
					Survey not completed in 17/18		
We will provide a reliable roading network and will respond to customer service requests in a timely manner.	The percentage of customer service requests relating to roads and footpaths that Council responds to within the time frame specified in the long term plan.*	New measure	100% (11) of urgent roading request and 90% (714) of non-urgent roading requests were responded to within assigned timeframes	100% of urgent requests responded to within one working day 88.14% of non-urgent requests responded to within five working days	90% of urgent requests responded to within one working day 90% of non-urgent requests responded to within five working days	✓	We aim to investigate customer requests within appropriate timeframes. Some complaints can be resolved quickly; others can take time to work through. We received 15 complaints regarding urgent roading requests which is 36 fewer than the previous year, all were responded to within one working day. The road, street or footpath must be completely impassable for the request to be determined as urgent. We received 880 non-urgent roading requests, of these 861 were responded to within five working days. The main issues were road floodings, blocked culverts, berms and potholes.
					Actual		
					100% of urgent requests (15) responded to within one working day 97.84% of non-urgent requests responded to within five working days		

* These are mandatory performance measures that have been introduced for all councils around New Zealand.

Funding impact statement for the year ended 30 June 2018

Long Term Plan budget 2016/17	Actual 2016/17		Long Term Plan budget 2017/18	Actual 2017/18	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
6,272	5,702	General rates, uniform annual general charges, rates penalties	6,699	6,219	The LTP included a forecast for inflation that did not eventuate to the extent budgeted. Capital projects budgeted as unsubsidised in the LTP have been approved by NZTA for subsidy, resulting in a reduced rate requirement.
-	-	Targeted rates	-	-	
2,544	2,652	Subsidies and grants for operating purposes	2,607	2,556	
146	170	Fees and charges	147	178	
590	412	Internal charges and overheads recovered	590	367	Internal interest allocated to this activity was lower than budgeted due to a reduced surplus of funds available for internal borrowing.
235	238	Local authorities fuel tax, fines, infringement fees, and other receipts	241	244	
9,787	9,174	Total operating funding (A)	10,284	9,564	
Applications of operating funding					
5,650	5,770	Payments to staff and suppliers	5,792	5,881	Additional Asset Management planning work was carried out this year compared to the LTP budget.
252	167	Finance costs	303	415	The opening level of debt was lower than projected in the LTP due to the delay in the capital programme, reducing overall finance costs.
734	812	Internal charges and overheads applied	831	943	Internal interest charges allocated to this activity were higher than budgeted, but offset by lower external finance costs as cash was available internally to meet capital funding requirements. Overhead costs for this activity are higher than budgeted due to the increase in operating costs on which the overheads are allocated.
-	-	Other operating funding applications	-	-	
6,636	6,749	Total applications of operating funding (B)	6,926	7,239	
3,151	2,425	Surplus (deficit) of operating funding (A – B)	3,358	2,325	
Sources of capital funding					
3,102	3,495	Subsidies and grants for capital expenditure	3,155	4,141	The LTP budget included some unsubsidised renewal work that has subsequently been approved by NZTA for subsidy at 51% bringing in an additional \$300,000 in subsidy. NZTA subsidy has been received for the LED streetlighting project during the year which was not budgeted for at the time of the LTP.
129	142	Development and financial contributions	132	438	The level of development contributions received was significantly higher than budgeted. The major development contributions received this year were from Parkwood MV Limited for the Morrinsville residential subdivision. There were also contributions received in respect of the Miller Street, Te Aroha and Thames Street, Morrinsville subdivisions.
1,862	1,400	Increase (decrease) in debt	847	1,205	The LED streetlighting project approved during the current year has resulted in increase in debt compared to budget. This has been offset by the Te Aroha to Matamata rail trail project that was budgeted to increase debt in the prior financial year.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
5,093	5,037	Total sources of capital funding (C)	4,134	5,784	
Applications of capital funding					
Capital expenditure					
63	-	—to meet additional demand	64	52	Renewal projects were completed largely in line with the LTP budget. Council has spent \$152,000 on the Te Aroha to Matamata rail trail project compared to a budgeted \$2 million. The streetlighting LED project was not budgeted in the LTP and Council has spent \$665,000 during the period.
3,069	1,254	—to improve the level of service	3,171	1,926	The timing of the Te Aroha to Matamata Cycleway project has been delayed compared to the LTP.
5,781	6,208	—to replace existing assets	6,009	6,131	Additional capital subsidised work has been approved by NZTA, compared to what was budgeted in the LTP.
(669)	-	Increase (decrease) in reserves	(1,752)	-	
-	-	Increase (decrease) of investments	-	-	
8,244	7,462	Total applications of capital funding (D)	7,492	8,109	
(3,151)	(2,425)	Surplus (deficit) of capital funding (C – D)	(3,358)	(2,325)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

Rubbish & Recycling

What we do

We currently provide kerbside rubbish and recycling collection services to 9844 properties across the district, as well as operating three transfer stations located at Matamata, Morrinsville and Waihou. We provide waste minimisation and sustainability education to schools across the district. We also have three closed landfills at Matamata, Morrinsville and Te Aroha that are monitored under the terms of their resource consents to ensure they do not endanger the environment or public health.

Why we do these activities

Our day to day lives generate a lot of waste that must be managed for the health of our community and our environment. Managing this waste effectively and efficiently, and promoting waste minimisation protects our environment for current and future generations.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant negative effects of rubbish and recycling are identified below, along with how we plan to manage and maintain them.

Significant negative effects of our activities	How we have mitigated the effects
People dumping rubbish illegally due to increased cost of using waste facilities.	We have competitively tendered contracts and we ensure the efficient management of facilities and services to ensure our prices are competitive.
Increase in rubbish disposed to landfill due to lack of community participation in waste minimisation.	We provide community education on the benefits of recycling. We will provide free drop off for recycling. Wheelie bins were introduced for recycling in 2013, which increased the volume of recycling that could be collected by the kerbside collection. In 2017/18 we diverted 51.60% of all rubbish and recycling from landfills.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

Operational projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Rubbish and Recycling education projects	Education programmes in schools	15	10
Waste minimisation activities	General Waste minimisation activities	95	74
Total key operational projects		110	84
Total key operational projects (including inflation)		114	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will provide kerbside refuse and recycling collection services to urban and rural townships and transfer stations.	Percentage satisfied/very satisfied with kerbside and refuse and recycling collection services and transfer stations.	73%	80%	82%	80% or more satisfied or very satisfied Actual 80%	✓	This is measured through our Annual Customer Survey. In 2018 50% of respondents were very satisfied and 30% were satisfied. A further 8% were neither satisfied nor dissatisfied and 7% didn't know. 3% of respondents said they were dissatisfied and 2% said they were very dissatisfied. The main reason for dissatisfaction was inconsistent kerbside collection.
Reliable kerbside refuse and recycling collection services will be available to the community.	Number of complaints about kerbside refuse and recycling not collected on the usual collection day.	19 on average per month	17 on average per month	15.8 on average per month	20 or less complaints on average per month Actual 10.7 complaints on average per month	✓	This is measured through our Customer Request Management system. Making sure our services are reliable encourages people to recycle and dispose of waste appropriately. There were 128 complaints about rubbish and recycling not being collected on the usual day for 2017/18. This equates to 10.7 complaints per month. The majority of these were collected the next day.
We will encourage residents to minimise waste disposal to landfill by providing more sustainable waste management options.	Proportion of waste diverted (recycled or composted) from the transfer station and kerbside recycling collection service.	47%	48%	45.77%	45% or more of the total waste diverted from the landfill Actual 51.6%	✓	This is measured through our records of monthly weighbridge quantities of kerbside and transfer station recyclables. By encouraging recycling we can decrease the amount of waste going to landfill, helping our community to act sustainably.

Rubbish and Recycling

Funding impact statement for the year ended 30 June 2018

Long Term Plan budget 2016/17	Actual 2016/17		Long Term Plan budget 2017/18	Actual 2017/18	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
467	460	General rates, uniform annual general charges, rates penalties	479	458	The LTP included a forecast for inflation that did not eventuate to the extent budgeted.
1,330	1,303	Targeted rates	1,362	1,299	
94	94	Subsidies and grants for operating purposes	96	130	
481	497	Fees and charges	493	584	Transfer station fees were increased compared to that budgeted in the LTP.
-	18	Internal charges and overheads recovered	-	3	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
2,372	2,372	Total operating funding (A)	2,430	2,474	
Applications of operating funding					
2,090	2,176	Payments to staff and suppliers	2,140	2,074	The LTP included a forecast for inflation that did not eventuate to the extent budgeted.
4	19	Finance costs	5	24	
227	215	Internal charges and overheads applied	231	235	
-	-	Other operating funding applications	-	-	
2,321	2,410	Total applications of operating funding (B)	2,376	2,333	
51	(38)	Surplus (deficit) of operating funding (A – B)	54	141	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
(2)	41	Increase (decrease) in debt	(2)	(141)	
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
(2)	41	Total sources of capital funding (C)	(2)	(141)	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	-	-	
-	3	—to improve the level of service	-	-	
7	-	—to replace existing assets	8	-	
42	-	Increase (decrease) in reserves	44	-	
-	-	Increase (decrease) of investments	-	-	
49	3	Total applications of capital funding (D)	52	-	
(51)	38	Surplus (deficit) of capital funding (C – D)	(54)	(141)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

Stormwater

What we do

We currently have stormwater drainage systems in Matamata, Morrinsville, Te Aroha, Waharoa and a limited system in Hinuera. These systems include a mix of pipes, open channels and drains. We work to ensure there are adequate services and staff to respond to storm events and implement maintenance programs to ensure our systems remain in good condition. We also work collaboratively with Waikato Regional Council as they also own, manage and maintain parts of the drainage system (streams and rivers). Maintaining all of our assets involves undertaking scheduled and unscheduled maintenance and repair work. We have renewal strategies to allow for the progressive replacement of assets as they are required.

Why we do these activities

Stormwater systems safely and efficiently drain surface water to minimise flooding in our communities. We aim to ensure stormwater is well managed, and work with property owners to improve stormwater and reduce flooding.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant negative effects of stormwater are identified below, along with how Council plans to manage and maintain them.

Significant negative effects of our activities	How we have mitigated the effects
Poor management of the stormwater system will lead to flooding, which can affect life and property.	We continually monitor the effects of any flood and assess the practicalities of mitigating it efficiently and effectively. We have emergency plans in place to respond to flooding. In the 2016/17 financial year we purchased additional land in Morrinsville for the purpose of stormwater management.
Discharge of contaminated stormwater into waterways and lakes without treatment can pollute our environment.	We continue to work on the long term reduction of stormwater through the use of on-site storage and disposal. We have complied with Waikato Regional Council consent conditions and carried out an environmental monitoring programme.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

Capital projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Increase capacity of the existing stormwater network	To complete some work to increase the existing stormwater network where feasible. This work is mainly the installation of soakholes.	100	4
Total key capital projects		100	4
Total key capital projects (including inflation)		105	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will have an effective stormwater system that provides an appropriate level of protection to minimise harm.	The number of flooding events* that occur in our district. For each flooding event, the number of habitable floors affected. (Expressed per 1,000 properties connected to our stormwater system.)**	New measure	0 flooding events 0 habitable floors affected	1 flooding events 2 habitable floors affected	0 flooding events 0 habitable floors affected	X	This is measured by our Customer Request Management system. Our stormwater network helps to prevent flooding in our urban areas. There has been one flooding event with one habitable floor affected in our district in 2017/18.* People have the right to expect a prompt response from Council when flooding occurs. Council staff were in attendance 1 hour and 48 minutes after receiving the call.
					Actual		
					1 flooding events 1 habitable floors affected		
We will protect the environment from stormwater contaminates discharging into waterways.	Compliance with our resource consents for discharge from our stormwater system, (measured by the number of: abatement notices, infringement notices, enforcement orders, and convictions, received in relation to those resource consents).**	New measure	Zero	Zero	Zero	✓	This is measured by our internal records. Our stormwater system discharges treated stormwater into the environment. The quality and quantity must meet the appropriate standard.
					Actual		
					Zero		
We will have reliable stormwater systems and will respond to requests for service from our residents in a timely manner.	The median response time to attend a flooding event*, measured from the time that we receive notification to the time that service personnel reach the site.**	New measure	0 hours	Median 1 hour 13.5 minutes	Median: 24 hours	✓	This is measured by our Customer Request Management system. People have the right to expect that their property will be safe from flooding (and its potential health and social wellbeing impacts) when it rains.
					Actual		
					Median 1 hour 48 minutes		
Residents will be satisfied with the overall performance of the stormwater system.	The number of complaints we received about the performance of our stormwater system, (expressed per 1,000 properties connected to our stormwater system).**	New measure	Total of 9 complaints	101 complaints	4 complaints per 1,000 connections per year (32 in total)	X	The number of complaints we receive about our storm water network is measured through our Customer Request Management system. These complaints relate to the performance of our stormwater system, they are not complaints about flooding of habitable buildings. The majority of these calls were logged during periods of abnormally heavy rainfall.
					Actual		
					40 complaints		

* A flooding event is defined as an overflow of stormwater from Council's stormwater system that enters a habitable floor (the floor of a building including a basement, but does not include ancillary structure such as standalone garden sheds or garages).

** These are mandatory performance measures that have been introduced for all councils around New Zealand.

Stormwater

Funding impact statement for the year ending 30 June 2018

Long Term Plan budget 2016/17	Actual 2016/17		Long Term Plan budget 2017/18	Actual 2017/18	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
152	140	General rates, uniform annual general charges, rates penalties	158	131	The LTP included a forecast for inflation that did not eventuate to the extent budgeted.
934	856	Targeted rates	970	801	A stormwater project planned for Morrinsville in the LTP has not yet progressed, therefore targeted rates for stormwater were not required at the level planned.
-	-	Subsidies and grants for operating purposes	-	-	
78	-	Fees and charges	68	-	The LTP budget included a forecast for recoveries from developers in relation to a planned storm water project in Morrinsville that has not progressed to date.
38	85	Internal charges and overheads recovered	38	98	Internal interest allocated to this activity was higher than budgeted due to a higher surplus of funds available for internal borrowing.
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
1,202	1,081	Total operating funding (A)	1,234	1,030	
Applications of operating funding					
183	181	Payments to staff and suppliers	192	237	More maintenance work was undertaken during the period compared to budget.
144	34	Finance costs	148	-	Debt raised was lower than projected in the LTP due to the delay in the capital programme, reducing overall finance costs.
270	176	Internal charges and overheads applied	276	168	Internal interest cost are lower than budgeted in the LTP due to the delay in the capital programme.
-	-	Other operating funding applications	-	-	
597	391	Total applications of operating funding (B)	616	405	
605	690	Surplus (deficit) of operating funding (A – B)	618	625	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
24	65	Development and financial contributions	24	167	The level of development contributions received was significantly higher than budgeted. The major development contributions received this year were from Parkwood MV Limited for the Morrinsville residential subdivision. There were also contributions received in respect of the Miller Street, Te Aroha and Thames Street, Morrinsville subdivisions.
(50)	(583)	Increase (decrease) in debt	(56)	(761)	Debt raised was lower than projected in the LTP due to the delay in the capital programme, and internal loans were reduced.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
(26)	(518)	Total sources of capital funding (C)	(32)	(594)	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	-	-	
102	47	—to improve the level of service	105	31	A stormwater project budgeted for Spur Street was started this year but not completed
-	46	—to replace existing assets	-	-	Rata Street renewal work is not budgeted for
477	-	Increase (decrease) in reserves	481	-	Funding was applied to the reduction of Internal loans rather than reserves for this activity.
-	79	Increase (decrease) of investments	-	-	
579	172	Total applications of capital funding (D)	586	31	
(605)	(690)	Surplus (deficit) of capital funding (C – D)	(618)	(625)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

Wastewater

What we do

We own and operate wastewater treatment plants (WWTP) in Matamata (which also treats wastewater from Waharoa and Raungaiti), Morrinsville (which also treats wastewater from Rukumoana), Te Aroha, Tahuna and Waihou. The Morrinsville treatment plant also treats and disposes of rural septic tank waste.

Approximately 50% of the wastewater treated in Morrinsville is from local industry. Industrial and commercial wastewater is regulated through tradewaste agreements and our Tradewaste Bylaw which ensure companies pay for the cost of processing their own waste.

Why we do these activities

Our wastewater services ensure that wastewater (sewage and the grey water that goes down your drains) is collected, treated and disposed of appropriately. The treatment is particularly important as after wastewater is treated it is discharged into waterways or to land.

We aim to ensure wastewater is well managed for the wellbeing of our community and our environment.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant negative effects of wastewater are identified below, along with how Council plans to manage and maintain them.



Significant negative effects of our activities	How we have mitigated the effects
Poor management of our wastewater systems could pollute the environment or cause health risks.	We have complied with our resource consents for all wastewater treatment plant discharges to protect the environment and the health and wellbeing of our community.
Discharge of poorly treated bio-solids to land could pollute the environment or cause health risks.	We have implemented bio-solids management with wastewater treatment plant upgrades.
Overflows that discharge to land or water could pollute the environment or cause health risks.	We have resolved any overflows from pump stations within a short space of time from it being reported. Our renewals strategy incorporates investigation of flows, standby generators and storage requirements.
Stormwater is known to enter both the Morrinsville and Te Aroha wastewater systems, which can cause overflows and affect the ongoing operation of the treatment plants.	We are trying to reduce the amount of stormwater entering our wastewater system. These reduction strategies include the use of smoke testing, on-going property inspection programmes and the instigation of an integrated renewals strategy.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below. One major renewal project costing \$656,000 to replace the membrane at the Matamata Plant was also undertaken.

Capital projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Morrinsville generator	Install generators at key locations	35	-
Tahuna WWTP flow meters	Tahuna does not have flow meter that records inflow into the plant or the diversion to the overflow tanks. This information is necessary for plant design and to make informed decisions in operations on what treatments to use.	12	-
Pump station H & S - as identified by risk assessments	Health and Safety issues addressed.	100	94
Upgraded pipes being renewed	This does not refer to specific pipes this just refers to pipe replacement in general. Increasing sizes of pipes as they are replaced.	50	-
Wastewater subdivisional requirements	Subdivisional demands	30	3
Total key capital projects		227	97
Total key capital projects (Including inflation)		238	

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will have an effective wastewater system that provides an appropriate level of protection.	The number of dry weather sewage overflows from our wastewater system, (expressed per 1,000 connections per year to our wastewater system).*	New measure	7 complaints	7 complaints	1 per 1,000 connections per year (8 total) Actual 7 complaints	✓	This is measured by our Customer Request Management system. We received 7 complaints about sewage overflows into the environment during dry weather. Dry weather applies to days when less than 1mm of rain has fallen during a continuous 24 hour period.
We will protect the environment by ensuring our wastewater is properly treated before being discharged to our environment.	Compliance with our resource consents for discharge from our wastewater (measured by the number of: abatement notices; infringement notices; enforcement orders, and convictions, received in relation to those resource consents).*	New measure	Zero	Zero	Zero Actual Zero	✓	This is measured by our internal records. Properly treating wastewater means the number of contaminants is minimised before the treated wastewater is discharged. Waikato Regional Council monitors our resource consents and provides an assessment on the year's compliance.
We will have reliable wastewater systems and will respond to requests for service from our residents in a timely manner.	Where we attend to sewage overflows resulting from a blockage or other fault in our wastewater system, we will measure the following median response times:	New measure	Median: 40 minutes	24.5 minutes	Median: 4 hours Actual 25.8 minutes	X	This is measured by our Customer Request Management system. Overflows can occur. It is important that the community is aware of this and these events are recorded, reviewed and mitigated where practical. Overflows into dwellings are the most serious as they present an immediate danger to health. It is important that we respond quickly to calls about wastewater overflows. In 2017/18 we received 18 total wastewater overflow complaints with 7 complaints occurring during dry weather. The median attendance time for these calls was 25.8 minutes with a median resolution time of 26 hours and 59 minutes. Some overflows do take longer than others to fully resolve. This year we have failed to meet our target resolution time by 2 hours and 59 minutes.
					Median: 24 hours Actual 26.99 hours (1619.4 minutes)		
	Attendance time: from the time that we receive notification to the time that service personnel reach the site.*						
	Resolution time: from the time that we receive notification to the time that service personnel confirm resolution of the blockage or other fault*.	New measure	Median: 2 hours and 29 minutes	Median: 19 hours and 36 minutes			
	The total number of complaints received by Council about any of the following: • sewage odour • wastewater system faults • wastewater system blockages • Council's response to issues with our wastewater system (expressed as 1,000 connections per year).*	New measure	3 complaints total	4 complaints total	Sewage odour 4 per 1,000 connections (32 total) Actual 7 complaints	✓	This is measured by our Customer Request Management system. Wastewater services ensure our community is protected from the risk of infectious diseases spread by wastewater. We achieved our target in all four categories.
			3 complaints total	36 complaints total	Wastewater system faults 2 per 1,000 connections (16 total) Actual 8 complaints total		
		New measure	17 complaints total	22 complaints total	Wastewater system blockages 8 per 1,000 connections (64 total) Actual 29 complaints total		
			1 complaint total	1 complaint total	Council's response to issues with our wastewater system 2 per 1,000 connections (16 total) Actual One complaint total		

* These are mandatory performance measures that have been introduced for all councils around New Zealand

Wastewater

Funding impact statement for the year ending 30 June 2018

Long Term Plan budget 2016/17	Actual 2016/17		Long Term Plan budget 2017/18	Actual 2017/18	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
-	-	General rates, uniform annual general charges, rates penalties	-	-	
6,394	6,316	Targeted rates	6,665	6,229	The amount of targeted rates has reduced from the LTP as debt and interest costs are lower than budgeted due to the delayed capital spend in previous years.
-	-	Subsidies and grants for operating purposes	-	-	
643	722	Fees and charges	659	763	Higher income due to an increase in the volume of industrial trade waste.
61	159	Internal charges and overheads recovered	61	213	Internal interest allocated to this activity was higher than budgeted due to a higher surplus of funds available for internal borrowing.
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
7,098	7,197	Total operating funding (A)	7,385	7,205	
Applications of operating funding					
2,944	3,013	Payments to staff and suppliers	3,036	3,043	
790	525	Finance costs	808	524	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), and internal interest rates were lower, reducing overall finance costs.
683	433	Internal charges and overheads applied	703	425	Internal interest costs are lower than budgeted in the LTP due to the delay in the capital and renewal programme.
-	-	Other operating funding applications	-	-	
4,417	3,971	Total applications of operating funding (B)	4,547	3,992	
2,681	3,226	Surplus (deficit) of operating funding (A – B)	2,838	3,213	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
112	135	Development and financial contributions	115	549	The level of development contributions received was significantly higher than budgeted. The major development contributions received this year were from Parkwood MV Limited for the Morrinsville residential subdivision. There were also contributions received in respect of the Miller Street, Te Aroha and Thames Street, Morrinsville subdivisions.
(271)	(1,969)	Increase (decrease) in debt	(308)	(3,144)	Surplus operating funding was applied to reduce the internal debt more than the level budgeted.
-	-	Gross proceeds from sale of assets	-	-	
71	77	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
(88)	(1,757)	Total sources of capital funding (C)	(193)	(2,595)	
Applications of capital funding					
Capital expenditure					
31	-	—to meet additional demand	31	-	
352	253	—to improve the level of service	207	210	
1,524	952	—to replace existing assets	1,060	408	Reticulation renewal work has been delayed during the year compared to the level budgeted.
686	-	Increase (decrease) in reserves	1,347	-	Funding was applied to the reduction of Internal loans rather than reserves for this activity.
-	264	Increase (decrease) of investments	-	-	
2,593	1,469	Total applications of capital funding (D)	2,645	618	
(2,681)	(3,226)	Surplus (deficit) of capital funding (C – D)	(2,838)	(3,213)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

Water

What we do

We own and operate seven water supply schemes in the district - in Matamata (including Waharoa and Raungaiti), Morrinsville, Te Aroha and four small schemes in Te Poi, Tahuna, Hinuera and Te Aroha West. We provide water 24 hours a day, seven days a week, which means operating and maintaining equipment, machinery and backup facilities, and training staff to respond rapidly in the event of a problem. We have corrective and preventative maintenance programmes in place to ensure our systems remain in good condition. We also monitor the lifecycles of our assets (such as water mains) and renew them when necessary.

Why we do these activities

The Water activity ensures our communities are supplied with clean, safe drinking water to ensure the health and wellbeing of our residents.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant negative effects of water are identified below, along with how Council plans to manage and maintain them.

Significant negative effects of our activities	How we have mitigated the effects
Poor management of our water treatment plants could pollute the environment.	Our water treatment plants are well maintained and managed; we have complied with all our resource consent conditions and received zero abatement notices in 2016/17.
Poor management of and competition for water could impact on the way we all use water.	We have implemented water reduction/efficiency strategies to conserve water. In addition we have constructed a new reservoir in Morrinsville, doubling the capacity of the Mt Misery Reservoir from 3400m ³ to 83000m ³ . Water restrictions were not required during the summer of 2017/18 due to sufficient water levels in our reservoirs. We ran a water conservation education campaign during summer with signs and newspaper articles to raise awareness about water conservation.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below.

Capital projects	What have we been doing?	2017/18	
		Budget \$000	Actual \$000
Subdivisional requirements	subdivisional demands	30	-
Matamata reticulation	Upgrade 990m undersized	10	10
Mount Misery Reservoir	Mount Misery Reservoir project, see description above under significant effects	-	366
Total key capital projects		40	376
Total key capital projects (including inflation)		42	



KVS staff inspecting a waterpipe

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will provide safe and reliable water for household and business use (served properties).	The extent to which Council's drinking water supply complies with: <ul style="list-style-type: none"> part 4 of the drinking-water standards (bacteria compliance criteria); and part 5 of the drinking-water standards (protozoal compliance criteria).* 	New measure	Not compliant	Not compliant	Compliant	X	<p>The Department of Health provides this information on compliance for the supply and delivery of water so that communities can be informed on the water quality they are receiving.</p> <p>The results for 2017/18 reported are provisional, pending the assessment of compliance by the independent Drinking-Water Assessor.</p> <p>Te Aroha achieved compliance. Matamata and Morrinsville did not achieve compliance as explained below.</p>
					Actual		
					Not compliant		

* These are mandatory performance measures that have been introduced for all councils around New Zealand.

Compliance with New Zealand Drinking Water Standards

Part 4 Bacterial Compliance: All plants were compliant for E-coli testing throughout the year. It is impracticable to monitor water supplies for all potential human pathogens, so surrogates are used to indicate possible contamination. E-coli is used as an indicator organism for contamination of drinking-water. E-coli must not be present in drinking-water leaving the water treatment plant or in the distribution zones. Chemical disinfectants (Chlorine) are very reactive and concentrations can be depleted relatively quickly, so free available chlorine residuals are measured, and if more than 0.2 mg/L of free available chlorine (FAC) is maintained in the distribution system, E-coli is rarely found.

E-coli are present in the environment and care must be taken when obtaining samples as microbes are very easily transferred. Matamata-Piako District Council (MPDC) are taking a proactive stance towards full compliance with the Drinking Water Standards for New Zealand (DWSNZ). Using UV light disinfection, reviewing compliance data and undertaking an improvement plan are examples of this.

Part 5 Protozoa Compliance: We are likely to achieve full compliance for Te Aroha but were non-compliant for Morrinsville and Matamata plants due to missing minutes of data as part of our continuous monitoring and events that caused turbidity in the final water. The cause of the missing minutes can be attributed to computer shutting down and software upgrades happening. We are presently conducting further investigation on why this occurs and how we can improve the robustness of our system to avoid this problem reoccurring. Progress has been good with several causes identified, and solutions proposed.

This does not indicate the presence of harmful organisms in the water supplied to the reticulated network. The standards use a risk-based approach. The references are for conditions when the organisms (protozoa e.g. giardia or cryptosporidium) could survive if they were present. These conditions may occur for a variety of reasons. As long as the time is less than a certain period every month the system overall is acceptable. We report these "transgressions" to the Health Department.

Protozoa reproduce by means of a cyst or spore that is resistant to chemical attack so must be physically removed (filtration). Turbidity is a measure of how cloudy the water is and is measured to prove the effectiveness of the filtration process of removing particulate matter from the water treatment process. We have an online turbidity meter attached to each filter at all our water treatment facilities. At times during 2017/18 we experienced some difficulties with our data integrity from the online turbidity meters. This meant that some sample data was lost or corrupted, and we have no record to prove the effectiveness of our filtration process for the period relating to the missing sample data. MPDC are undertaking significant steps to increase compliance with DWSNZ. These steps include installation of UV light disinfection units throughout a number of treatment plants, undertaking reviews of compliance data and determining why minutes weren't recorded. Further investigation into improving plant compliance is underway. An improvement plan is being developed and capital and renewal projects will be prioritised for the 2018/19 year.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information	
		Actual			Target			
We will ensure that our water assets are well maintained and managed and that the assets are maintained and replaced when required.	The percentage of real water loss from Council's networked reticulation system (using minimum night flow analysis). *	New measure	24.91% (benchmark)	20.61%	24.91% Actual 25.22%	X	<p>This is measured from internal records using the minimum night flow analysis as per the Department of Internal Affairs guidelines.</p> <p>The national average used in our Activity Management Plan is 16%. In 2017/18, we recorded a real water loss of 25.22%, which is 9.22% higher than the national average.</p> <p>We carried out leak detection work in Te Aroha during September 2017 and Morrinsville in May 2018.</p>	
We will provide reliable water systems that our community can count on.	Where we attend a call-out in response to a fault or unplanned interruption to our networked reticulation system, we will measure the following median response times:						This is measured by our Customer Request Management system. If there are any unplanned supply issues we need to respond quickly to make sure people have a continuous supply of water. We received 66 urgent calls about water. The median attendance time for these was 20 minutes with a median resolution time of 1 hours and 59 minutes.	
	• Attendance for urgent call-outs: from the time that we receive notification to the time that service personnel reach the site.*	New measure	44 minutes	25 minutes	Median: 4 hours or less			✓
					Actual			
					Median: 20 minutes			
	• Resolution of urgent call-outs: from the time that we receive notification to the time that service personnel confirm resolution of the fault or interruption.*	New measure	2 hours and 9 minutes	3 hours and 12 minutes	Median: 24 hours or less			
					Actual			
Median: 1 hour and 59 minutes								
We will provide reliable water systems that our community can count on.	• Attendance for non-urgent call-outs: from the time that we receive notification to the time that service personnel reach the site.*	New measure	5 hours and 17 minutes	2 working days	Median: 3 working days or less		This is measured by our Customer Request Management system. If there are any unplanned supply issues we need to respond quickly to make sure people have a continuous supply of water. We received 380 non-urgent calls about water. The median attendance time for these was 1 working day, with a resolution time of 2 working days.	
					Actual			✓
					Median: 1 working day			
	• Resolution of non-urgent call-outs: from the time that we receive notification to the time that service personnel confirm resolution of the fault or interruption.*	New measure	21 hours and 15 minutes	4 working days	Median: 5 working days or less			
					Actual			
					Median: 2 working days			

* These are mandatory performance measures that have been introduced for all councils around New Zealand.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
Council will provide safe and reliable water for household and business use (serviced properties).	<p>The total number of complaints received by Council about any of the following:</p> <ul style="list-style-type: none"> Drinking water clarity Drinking water taste Drinking water odour Drinking water pressure or flow Continuity of supply Council's response to any of these issues (expressed per 1,000 connections per year).* 	New measure	<p>Drinking water clarity: 17 complaints total Drinking water taste: 5 complaints total Drinking water odour: 0 complaints total Drinking water pressure or flow: 24 complaints total Continuity of supply: 2 complaints total Council's response to any of these issues: 1 complaint total</p>	<p>Drinking water clarity: 16 complaints total Drinking water taste: 3 complaints total Drinking water odour: 6 complaints total Drinking water pressure or flow: 32 complaints total Continuity of supply: 5 complaints total Council's response to any of these issues: 0 complaints total</p>	<p>Drinking water clarity: 1 per 1,000 people connected to water supply (8 total)</p> <p>Drinking water taste: 1 per 1,000 people connected to water supply (8 total)</p> <p>Drinking water odour: 1 per 1,000 people connected to water supply (8 total)</p> <p>Drinking water pressure or flow: 2 per 1,000 people connected to water supply (16 total)</p> <p>Continuity of supply: 2 per 1,000 people connected to water supply (16 total)</p> <p>Council's response to any of these issues: 2 per 1,000 people connected to water supply (16 total)</p>	X	<p>This is measured by our Customer Request Management system.</p> <p>Each individual call is counted as one. In some instances there were multiple calls about the same issue. Staff responded to and investigated all calls within the assigned timeframes.</p> <p>We achieved our target for four of the six categories. It is noted that the targets we failed to meet were for water clarity and water pressure or flow.</p> <p>34 of our 60 water clarity calls occurred after a break to a Morrinsville water main in November 2017.</p> <p>The majority of these calls were resolved by flushing the main water lines. These calls were all attended to within three working days.</p>
					<p>Actual</p> <p>Drinking water clarity: 60 complaints total</p> <p>Drinking water taste: 5 complaints total</p> <p>Drinking water odour: 4 complaints total</p> <p>Drinking water pressure or flow: 38 complaints total</p> <p>Continuity of supply: 10 complaints total</p> <p>Council's response to any of these issues: 0 complaints total</p>		
Council's water assets are managed adequately for the future.	The average consumption of drinking water per day per resident within the district.*	New measure	572 litres per urban resident per day (benchmark)	462 litres	572 litres or less (bench mark)	✓	<p>Measured by our internal records.</p> <p>We have used the Department of Internal Affairs guidelines when calculating this. The performance measure only measures 'drinking water' consumption but it is not only drinking water that is supplied to residential consumers and water used specifically for drinking purposes cannot be calculated.</p> <p>Total average consumption of water per resident in the supplied urban areas is 683 litres per day, (2016/17: 707 litres per day) this includes all industry water usage. Adjusted average consumption is 467 litres per urban resident per day, major industry usage has been deducted from this figure.</p>
					<p>Actual</p> <p>467 litres</p>		

* These are mandatory performance measures that have been introduced for all councils around New Zealand.

Water

Funding impact statement for the year ending 30 June 2018

Long Term Plan budget 2016/17	Actual 2016/17		Long Term Plan budget 2017/18	Actual 2017/18	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
-	-	General rates, uniform annual general charges, rates penalties	-	-	
4,960	5,238	Targeted rates	5,383	4,373	In the LTP budget, an increase in metered water income from industry was forecast for 17/18 as a result of a planned capacity upgrade to the Te Aroha water plant. This upgrade has not been required to date. In addition, one of our large industrial users has developed their own supply, which has resulted in less metered water income than budgeted during the period.
-	-	Subsidies and grants for operating purposes	-	-	
47	116	Fees and charges	34	161	Income from water tanker fillings increased compared to budget.
43	94	Internal charges and overheads recovered	43	20	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
5,050	5,448	Total operating funding (A)	5,460	4,554	
Applications of operating funding					
2,318	2,473	Payments to staff and suppliers	2,515	2,380	At the time the LTP budget was set, operating costs were forecast to increase in 17/18 as a result of the planned Te Aroha water plant capacity upgrade, which has not been required to date. Offsetting this, water reticulation costs were higher than budgeted due to more leakage and major events during the year like the Scott and Snell Road's water mains issues.
546	236	Finance costs	558	201	The opening balance of debt is lower than budgeted in the LTP due to the delay in capital spending.
610	564	Internal charges and overheads applied	619	598	
-	-	Other operating funding applications	-	-	
3,474	3,273	Total applications of operating funding (B)	3,692	3,179	
1,576	2,175	Surplus (deficit) of operating funding (A – B)	1,768	1,375	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
93	104	Development and financial contributions	95	430	The level of development contributions received was significantly higher than budgeted. The major development contributions received this year were from Parkwood MV Limited for the Morrinsville residential subdivision. There were also contributions received in respect of the Miller Street, Te Aroha and Thames Street, Morrinsville subdivisions.
1,659	1,617	Increase (decrease) in debt	(213)	230	Some projects budgeted and carried forward from previous years were completed this year, resulting in more debt funding being required than budgeted for in this year.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
1,752	1,721	Total sources of capital funding (C)	(118)	660	
Applications of capital funding					
Capital expenditure					
2,086	-	—to meet additional demand	42	34	
593	2,650	—to improve the level of service	-	723	\$326,000 spent on the Mt. Misery Reservoir this year was budgeted for in prior years. There were also a few other projects undertaken that had been budgeted and carried forward from prior years.
1,560	1,066	—to replace existing assets	1,332	1,087	
(911)	-	Increase (decrease) in reserves	276	407	Available funding was applied to capital spending rather than reserves.
-	180	Increase (decrease) of investments	-	(216)	
3,328	3,896	Total applications of capital funding (D)	1,650	2,035	
(1,576)	(2,175)	Surplus (deficit) of capital funding (C – D)	(1,768)	(1,375)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

Consents and Licensing

What we do

Consents and Licensing is about carrying out our regulatory functions that we have an obligation to perform under legislation. The activities responsible for this are Animal Control, Building Consents and Monitoring, Licensing and Enforcement and Resource Consents and Monitoring.

Why we do these activities

The Consents and Licensing activity group ensures we are protecting the natural resources of the district, keeping our communities safe and healthy, and balancing the different needs and interests of people and businesses in our community. Legislation also has a significant impact on these activities, as it sets a number of legislative requirements that we must meet.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant negative effects of Consents and Licensing are identified below, along with how we plan to manage and maintain them.

Significant negative effects of our activities	Council activities				How we have mitigated the effects
	Animal Control	Building Consents and monitoring	Licensing and enforcement	Resource consents and monitoring	
The cost of licences and consent application processes could deter people from complying with legislative requirements.	✓	✓	✓	✓	We continue to review our operation to ensure that it is cost effective and fees are fair. We reviewed our fees and charges to ensure they remain fair and equitable to our customers and ratepayers.
Poor quality and timeliness of investigations of complaints could result in safety threats to our community and a rise in antisocial behaviour.	✓	✓	✓	✓	We provide a 24/7 service for our most time sensitive issues (animal and noise complaints) and set timeframes for responses to all complaints. We completed 1,054 street patrols and visited more than 700 properties throughout the district for animal control. We completed staff training to ensure legislative requirements are understood. We worked with stakeholders such as the police, to ensure licence holders comply with their obligations.
Poor consenting decisions and inspection procedures can delay and add costs to development, put users at risk and harm the environment.		✓	✓	✓	We work with other councils to collaborate on best practice and consistency in our processes. Accreditation as a 'Building Control Authority' ensures our processes are robust, leading to improved services. Auditing and peer review of our processes and decisions ensure we are making good decisions.
Failure to involve Iwi and the community in the decision making process.				✓	Consulting with Iwi through agreed processes increases the opportunities for them to be involved in decision making. We have protocols in place with Iwi to involve them in the resource consent process.

Animal Control

We have two Animal Control Officers whose job is to make sure people control their animals, are meeting laws and regulations and do not create problems for others. They provide a 24 hour a day, seven day a week service. We also have one dog pound and stock yard that services the whole district. The majority of work undertaken by the Animal Control Officers centres on the administration of the Dog Control Act 1996 - ensuring that dogs are registered, catching wandering dogs, providing owners with information on pet care and following up on complaints about dogs, ranging from barking to aggressive behaviour. The Animal Control Officers also respond to complaints about wandering stock. Most complaints about animal welfare and neglect are referred to the SPCA for investigation.

Our projects from the last twelve months

There were no major projects during the last twelve months for Animal Control.

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
Any disturbances caused by animals will be investigated and reported quickly and efficiently.	Complaints will be investigated within set timeframes.	95.1%	96.2%	93.6%	95% within adopted timeframes* (see table) Actual 87%	X	This is measured by our Customer Request Management system. One of our main responsibilities is following up on complaints made about animals, from wandering stock to barking or attacking dogs. We aim to investigate the complaint and let the complainant know what action (if any) we have taken or intend to take within adopted timeframes. Some complaints can be resolved quickly, others can take time to work through with animal owners and may involve court action. We received 847 requests in 2017/18 as compared to 786 in 2016/17. We responded to 87% of calls within set timeframes (737/847).
We will carry out regular property visits to ensure dog owners are responsible.	Number of property visits per year.	711	649	718	600 property visits per year Actual 706 property visits	✓	This is measured by internal records. Property visits let us check that dogs are appropriately housed and secured on their property. Both of these help to reduce the number of problems caused by animals in our community. We undertook 706 property visits across the district.
We will carry out regular street patrols to keep the streets free from stray animals.	Number of street patrols undertaken in each of the three main towns.	Over the average of 10 per month per town			Average of 10 per month per town Actual 29.3 average street patrols per month per town	✓	This is measured by internal records. Street patrols allow our staff to check if there are wandering animals that could pose a risk to our community. We undertook 1,054 street patrols across the district. Our street patrols per town are as follows: Matamata 367, Morrinsville 338 and Te Aroha 349.

*Animal Control response times				
Complaint type	Notification type	0800 - 1700 hours	1700 - 0800 hours weekend/holiday	
Dog bite person	Current incident Reported incident	Phone CRM	1 hour 4 hours	1 hour Next working day
Aggressive dog				
Attacked stock				
Attacked other animal/bird				
Barking dog	Current incident Caught in trap Reported incident	Phone CRM CRM	1 hour 1 hour Next working day	1 hour 1 hour Next working day
Wandering dog				
Wandering stock				
Unregistered	Current incident (on road) Reported incident	Phone CRM	1 hour Next working day	1 hour Next working day
Animal welfare		CRM	24 hours 4 hours	Next working day Next working day

CRM means our Customer Request Management system

Aggressive means rushed at the person/vehicle or displaying threatening behaviour.

Current incident means the incident is happening now and the dog is an immediate danger to the public.

Reported incident an incident is reported that happened sometime in the past but is not a current threat to the public.

Building Consents and Monitoring

Our primary function is to ensure that building work in our district complies with the Building Act 2004. To do this we process building consents and inspect building work at critical phases of the project. We also carry out audits to make sure that commercial building owners comply with their Building Warrants of Fitness requirements and investigate complaints about illegal building work, taking enforcement action where necessary.

Our projects from the last twelve months

There has been no major projects during the last twelve months for the Building Consents and Monitoring activity.



Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
Building consents will be administered quickly and efficiently.	Building consent processing timeframes.	100% (732)	100% (707)	99.5% (802 out of 806)	100% of building consents will be processed within statutory timeframes Actual 99.9% (762/763)	X	This is measured by a monthly statistical report. By processing building consents on time we contribute to the timely completion of building projects. By ensuring buildings meet building code requirements we ensure that buildings are safe and more sustainable, for example they meet improved building insulation requirements, and contribute to the health and wellbeing of our community. In 2017/18 we processed 762 of 763 building consents within statutory timeframes. Currently the statutory timeframes for processing building consents are: <ul style="list-style-type: none"> Ten working days for building consents with a national multiple use approval. Twenty working days for all other building consents.
We will respond to complaints of alleged illegal/unauthorised activity.	Complaints to be responded to within 10 working days.	100%	97.7%	73.68%	100% of complaints to be responded to within 10 working days Actual 91.6%	X	This is measured through our Customer Request Management system. In fulfilling our enforcement role under the Building Act 2004 in a timely manner we help to reduce the incidences of illegal and dangerous building work in the district. One of our main roles is to regulate compliance with building code standards. We sometimes get complaints from the community about illegal or dangerous building work or swimming pools. We will investigate the complaint to determine if building work is illegal or dangerous and let the complainant know what action we are taking. Issues regarding illegal building work can be complicated and it can take time to reach a resolution with the building owners. A total of 12 complaints were received with 11 complaints responded to within the timeframe.

Licensing and Enforcement

Licensing and Enforcement is responsible for processing health and alcohol licences and managers certificates; this also involves inspecting or auditing the licensed premises to ensure they meet the required standards. In 2012 the Sale and Supply of Alcohol Act 2012 replaced the Sale of Liquor Act 1989. The new Act brought in significant changes to the way we regulate alcohol, including the ability to have a Local Alcohol Policy, an annual fee for all premises and a new qualification that must be held by all managers. In addition, we undertake monitoring of food premises. The Food Act 2014 came into force 1 March 2016, changing the way we manage food safety. Food premises are now assessed by registration and auditing instead of annual inspections.

This activity is also responsible for noise control in our community, which is a 24 hour, seven days a week service responding to excessive or unreasonable noise. After hours noise control complaints are handled by our security contractors. Licensing and Enforcement also monitors and responds to complaint about breaches of our bylaws, and have responsibilities under several other Acts. such as the Gambling Act 2003, Psychoactive Substances Act 2013, Prostitution Reform Act 2003, Hazardous Substances and New Organisms Act 1996 and the Health Act 1956.

Our projects from the last twelve months

There have been no major projects during the last twelve months for the Licensing and Enforcement activity. Although not a major project, over the last twelve months we have been working with food premises helping them transition under the new Food Act 2014.

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
We will inspect or audit all food premises, hairdresser, and camping grounds in the district to ensure they are running in accordance with the Health Act, Food Act 2014 and/or health regulations.	Food premises, hairdressers and camping grounds will be inspected or audited annually to ensure they comply with standards.	100%			100% inspected or audited Actual 100% inspected	✓	This is measured by an internal monitoring system. Inspecting food premises, hairdressers and camping grounds in the district gives residents confidence that they can safely use these facilities. The introduction of the Food Act 2014 has changed the way in which food premises are assessed from annual inspections to registration and auditing. Given the significant change, Council have assisted premises to transition by offering workshops and mentoring sessions. All transitioning and new businesses were registered in accordance with the Act. Given that some new businesses weren't operating and the scale of work required to transition, not all premises were audited within the specified time however they have all been audited within the financial year.
We will act on all noise complaints we receive.	Percentage of after hours (between 5pm and 8am, weekends and public holidays) noise complaints responded to within three hours.	100%			100% responded to within three hours Actual 100% responded to within three hours	✓	This information is collected through an internal monitoring system. We received 397 complaints regarding noise after hours. All of these were responded to within three hours. By acting on noise complaints we will be preventing antisocial behaviour, which can negatively impact people's health and wellbeing. After hours responses to noise complaints are made by our security contractors, usually to loud stereos and parties. During working hours (8am-5pm), staff respond to complaints. Complaints during the day usually relate to general household noise or ongoing noise associated with business operations. Noise complaints are investigated and complainants are advised of the action we will take.
We will ensure that all premises in the district with alcohol licences are operating responsibly.	On and off alcohol licenced premises will be inspected annually to ensure they comply with alcohol licensing standards.	100%			100% inspected Actual 100% inspected	✓	This information is collected through an internal monitoring system. We have inspected all 72 alcohol premises. Licensed premises that do not comply with liquor licensing standards can contribute to illegal activities and antisocial behaviour. If premises do not comply with the conditions of its licence, they will be given an opportunity to rectify any problems. Ongoing non-compliance may result in an inspector making an application to the Alcohol Regulatory and Licensing Authority for the suspension or cancellation of the premises, alcohol licence.

Resource Consents and Monitoring

Resource Consents and Monitoring helps look after our natural and physical resources for future generations. This activity is responsible for administering the District Plan, advising customers on District Plan and Resource Management Act 1991 requirements, processing applications for land use and subdivision consents, monitoring compliance with land use and subdivision consent conditions, investigating breaches of the District Plan, and taking enforcement action where necessary.

Our projects for the last twelve months

There have been no major projects during the last twelve months for the Resource Consents and Monitoring activity.

Levels of service

What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2014/15	2015/16	2016/17	2017/18	Achieved	Additional information
		Actual			Target		
Resource consents will be administered quickly and efficiently.	Percentage of resource consents processed within statutory timelines.	98%	99.5%	99.5%	100%	✓	<p>This is monitored through an internal management system.</p> <p>We processed 206 applications for Resource Consents in 2017/18. Of these, 100% of applications were processed within the adopted timeframe.</p> <p>Resource consents need to be completed within statutory timeframes to ensure development projects are able to be completed seamlessly.</p> <p>The 2009 amendment to the Resource Management Act 1991 requires us to refund a portion of the costs on any resource consents that are not processed within the statutory timeframe.</p>
					Actual		
					100%		
We will monitor land use consent compliance.	Percentage of land use consents monitored within four months of being granted.	100%	94.7%	98.6%	100%	✓	<p>This is monitored through an internal management system.</p> <p>The community can rely on us to monitor compliance of resource consents to ensure the character of the towns remains intact.</p> <p>This is the initial visit to see if or how works are progressing and to remind the applicant of all the conditions of consent and ensure they are complied with. Should non-compliance be identified at this time, then we will work with the applicant to rectify the issues. If this cannot be achieved then we will take enforcement action under the Resource Management Act 1991 to ensure compliance.</p> <p>In the 2017/18 year we monitored 124 consents, 100% of these were monitored within the adopted timeframe.</p>
					Actual		
					100%		



View over the Kaimai Ranges

Consents and licensing

Funding impact statement for the year ending 30 June 2018

Long Term Plan budget 2016/17	Actual 2016/17		Long Term Plan budget 2017/18	Actual 2017/18	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
1,807	1,878	General rates, uniform annual general charges, rates penalties	1,855	1,949	Rates were increased compared to the LTP to fund additional staff and costs as a result of significant development activity in the district.
-	-	Targeted rates	-	-	
-	-	Subsidies and grants for operating purposes	-	-	
1,406	1,935	Fees and charges	1,440	2,005	There was increased activity in building consents and resource consents, animal control and a change in health legislation since the LTP was set resulting in increased income compared to that budgeted across all these areas. Also the LTP forecast for consents and licencing was overstated by \$162,000 due to internal transactions not being eliminated.
-	25	Internal charges and overheads recovered	-	12	
36	23	Local authorities fuel tax, fines, infringement fees, and other receipts	37	39	
3,249	3,861	Total operating funding (A)	3,332	4,005	
Applications of operating funding					
1,876	2,116	Payments to staff and suppliers	1,921	2,221	Staff costs were higher than budgeted in the area of health monitoring. Increased building and resource consent activity resulted in an increase in costs to complete this work compared to budget. Also the LTP forecast for consents and licencing was overstated by \$162,000 due to internal transactions not being eliminated.
-	-	Finance costs	-	-	
1,173	1,162	Internal charges and overheads applied	1,206	1,297	Overhead costs for this activity are higher than budgeted due to the increase in operating costs on which the overheads are allocated.
-	-	Other operating funding applications	-	-	
3,049	3,278	Total applications of operating funding (B)	3,127	3,518	
200	583	Surplus (deficit) of operating funding (A – B)	205	487	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
-	-	Increase (decrease) in debt	-	-	
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
-	-	Total sources of capital funding (C)	-	-	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	-	-	
-	-	—to improve the level of service	-	-	
-	-	—to replace existing assets	-	-	
200	583	Increase (decrease) in reserves	205	487	
-	-	Increase (decrease) of investments	-	-	
200	583	Total applications of capital funding (D)	205	487	
(200)	(583)	Surplus (deficit) of capital funding (C – D)	(205)	(487)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

